GENESCO

2001 ANNUAL REPORT

THE BUSINESS OF GENESCO

Founded in 1924, Nashville, Tennessee-based Genesco Inc. (NYSE:GCO) is a leading retailer and marketer of branded footwear. It operates more than 775 footwear retail stores in the U.S., principally under the names Journeys, Johnston & Murphy, Jarman and Underground Station. Genesco also designs, sources, markets and distributes footwear under its own Johnston & Murphy brand and under the licensed Dockers brand. Genesco relies primarily on independent third party manufacturers for the production of its footwear.

TABLE OF CONTENTS

Business of Genesco . . . . . Inside front cover
Securities Information . . . . . Inside front cover
Financial Highlights 1
Company Profiles 2
Chairman's Message 6
President's Message 9
Management's Discussion and Analysis of Financial Condition and Results of Operations 11
Financial Summary 21
Management's Responsibility for Financial Statements 22
Report of Independent Accountants 22
Consolidated Balance Sheet 23
Consolidated Earnings 24
Consolidated Cash Flows 25
Consolidated Shareholders' Equity 26
Notes to Consolidated Financial Statements 27
Board of Directors and Corporate Officers 51
Corporate Information 52
Genesco's Retail Network Map . . . . . Inside back cover

SECURITIES INFORMATION – Common Stock: New York and Chicago Stock Exchanges

	FISCAL 2001		FISCAL 2000		FISCAL 1999	
	High	Low	High	Low	High	Low
Quarter ended April 29	14 ¼	8 ¼	12	7 1/16	18 7/8	12 ½
Quarter ended July 29	18	12 ¼	15	10 5/8	18 1/16	10 7/16
Quarter ended October 28	18 ½	13 7/16	13 5/8	10 1/16	10 15/16	3 15/16
Quarter ended February 3	26 ½	15 ¾	14	9	7 ¾	4 ¾

Approximate number of common shareholders of record: 6,200

FOR THE YEAR:	2001	2000	PERCENT CHANGE
Net Sales	$680,166,000	$553,032,000	23%
Earnings before discontinued operations	$ 32,831,000	$ 25,335,000	30%
Net Earnings	$ 29,598,000	$ 25,922,000	14%
Diluted Earnings per common share before discontinued operations	$ 1.35	$ 1.03	31%
Diluted Net Earnings Per Share	$ 1.23	$ 1.05	17%
FOR THE YEAR:			
Working Capital	$144,926,000	$138,007,000	5%
Long-Term Debt	$103,500,000	$103,500,000	0%
Shareholders' Equity	$138,225,000	$108,242,000	28%
Shares Outstanding	21,661,000	21,226,000	2%
Book Value Per Share	$ 6.02	$ 4.73	27%
Approximate Number of Common Shareholders of Record	6,200	7,400	

This annual report contains certain forward-looking statements. Actual results could be materially different. For discussion of some of the factors that could adversely affect future results, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Journeys, is a leading retailer of footwear and accessories for brand oriented, fashion conscious and trend-savvy customers from 12 to 22 years old, offers hot brands like Timberland, Skechers, adidas, Vans, Lugz, Dr. Martens, Candies, Steve Madden and more, and an "attitude you can wear" in more than 425 stores across America, through a direct mail catalog and on the web at www.journeys.com. Most recently, Journeys extended its brand to the "tween" market, customers ages 5 to 12 years old. Journeys Kidz offers the latest branded footwear styles including Timberland, Stevies, Vans, adidas, Dr. Martens and Skechers.

STORE PHOTOS © CHUN Y LAI

Underground Station markets footwear and apparel "hook-ups" for a consumer with an urban mindset, who values fashion brands in apparel and footwear. Through more than 50 mall-based stores nationwide, Underground Station offers 18 to 35 year old, ethnically diverse male and female customers a selection of footwear and accessories from brands like Timberland, Lugz, B-Boots, GBX, Fubu and Sean John, appropriate to their lifestyle in a stimulating environment with music and visual cues to reinforce the lifestyle message.

JOHNSTON & MURPHY. With its 150-year history of quality craftsmanship and sophisticated styling, Johnston & Murphy offers a broad array of footwear, belts, hosiery, shoe care products, leather outerwear and apparel suited to the lifestyle of today's gentlemen aged 25 to 54. Johnston & Murphy sells its product through 147 signature retail stores, factory outlets and airport stores, its direct mail catalog and Internet site, www.johnstonmurphy.com and through premier specialty and department stores nationwide and internationally.

Dockers Footwear, marketed under a license from Levi Strauss & Co., is one of the nation's leading moderately priced footwear brands for men aged 30 to 55. Dockers Footwear offers superior product styling, quality and value under one of the nation's most recognized brand names for men's casal fashion, with footwear appropriate for its customer's lifestyle needs. Dockers Footwear's offering ranges from business casual to weekend casual with something for all occasions in between. Dockers Footwear is sold in many of the same national chains that carry Dockers apparel and in department and specialty stores throughout the country.

Ben T. Harris
Chairman and Chief Executive Officer
Genesco Inc.

THREE YEARS AGO IN OUR MESSAGE TO SHAREHOLDERS, WE DECLARED THAT GENESCO WAS BACK ON THE RIGHT TRACK. WE ALSO POSED THE QUESTION, "WHAT IS MAKING THE DIFFERENCE?" THE ANSWER WE GAVE THEN IS JUST AS RELEVANT TODAY: IT IS THE FOCUS OF EVERY ONE OF OUR BUSINESSES ON BEING RESPONSIVE TO ITS CUSTOMER.

We recognize that our greatest success stories, though very different on the surface, have one thing in common: They don't try to be all things to all people. Instead, each serves a customer with a unique, identifiable lifestyle. And they make it their business to translate that lifestyle into a focused product offering and a carefully targeted shopping environment.

That "sole" marketing focus combined with financial discipline — specifically the EVA® system's emphasis on continuing improvement in earnings and asset usage — helped produce a remarkable 2001. Every one of our ongoing businesses had record sales and operating earnings for the year. We reported a 32-year record in pretax earnings and, for the seventh consecutive year, we produced positive cash flow from operations, while opening 169 new stores. We exceeded internal and external expectations every quarter of the year, delivering financial consistency amidst the mixed results of the footwear industry.

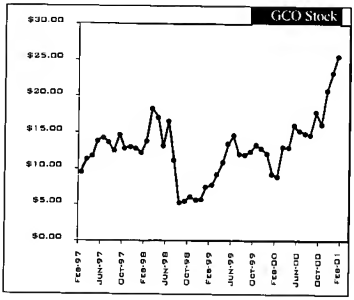
This was just the most recent entry in a record of solid progress over the past five years. Sales of our current businesses have grown at a compound annual rate of 23% since fiscal 1997. Operating margin grew from 5.9% in fiscal 1997 to 9.5% last year, reaching a goal we set three years ago at the beginning of my tenure as chief executive officer. Our debt to total capital ratio improved from 58.7% to 42.8% during the five-year period while we were aggressively opening new stores and buying in close to 24% of our outstanding common stock.

OUR EVA IMPROVEMENT FOR FISCAL 2001,

WHICH EXCEEDED OUR GOALS, WAS DRIVEN BY EARNING MORE THAN PLANNED WHILE MORE EFFICIENTLY USING ASSETS. THIS STRONG EVA IMPROVEMENT TRANSLATED INTO STRONG FINANCIAL PERFORMANCE AS MEASURED BY SOME OF THE MORE COMMON EXTERNAL FINANCIAL MEASUREMENTS.

- EPS OF $1.45 BEFORE DISCONTINUED OPERATIONS AND THE NAUTICA CHARGE, AN IMPROVEMENT OF 41%.
- A 174% RETURN ON A SHARE OF GENESCO STOCK.
- $9 MILLION RETURNED TO SHAREHOLDERS THROUGH A STOCK BUYBACK PROGRAM.
- OPERATING INCOME MARGIN IMPROVEMENT, BEFORE NAUTICA CHARGE, FROM 8.5% TO 9.5%.

As our businesses performed, so did our stock price, attaining a 28-year high of $26 per share late in the fiscal year. Especially in light of the difficult stock market environment, we were gratified to see our shareholders reaping the benefits of our performance.



Our success continued to be recognized by our industry. For the fourth time in seven years, Genesco was recognized by the Footwear Distributors and Retailers of America (FDRA) as the top performing, full-service national retail shoe company in calendar 2000. Winning this award in back-to-back years says that Genesco is established as a leader in the industry.

The same combination of strategic focus and financial discipline during fiscal 2001 guided us to take steps to continue our positive momentum. In June 2000, we completed the sale of our non-core leather tanning business and in January 2001, we ended our footwear license with Nautica Apparel.

Recognizing a new potential customer also prompted us to create a new Journeys Kidz retail concept. We see "tweens," the 5 to 12 year olds who want to dress like their teenaged siblings who shop at Journeys, as customers who can be effectively reached with fashionable, branded products in a shopping environment designed especially for them. In addition, after three years of fine-tuning the Underground Station concept and seeing excellent results, we made the strategic decision to concentrate our resources within the Jarman group on growing this chain. Compared to the traditional Jarman store, Underground Station serves a more clearly defined customer: an urban customer with an urban lifestyle. Just as we have seen in our Journeys concept, both the Journeys Kidz and the Underground Station customers are underserved by national footwear specialty chains catering to their unique lifestyles in the way we do. We are excited by the potential in these concepts.

The results of this past year, as well as the past five years, reflect the efforts of many talented people who understand the value of a lifestyle focus in the footwear business and have a passion and commitment to succeed. It goes without saying that they deserve full credit for our success. In gratitude, and to reward and encourage their efforts, we awarded our first scholarships to four employees and their families last year. At the awards ceremony, I was

extremely proud to see on stage with me a cross-section of the people who make Genesco what it is today. I was honored to be with them as they were accepting scholarships and allowing Genesco to recognize their commitment to excellence and to make a small but significant investment in the future.

In recognition of the responsibility to share our success with the community, we continued a 10-year tradition with our *Cold Feet, Warm Shoes* program to assist the needy with footwear. In November, we took the program outside of Nashville for the first time. Together with our friends from The Timberland Company, we hosted our first national *Cold Feet, Warm Shoes* fitting in Boston. In total, more than 100 homeless people in the Boston area were fitted with badly needed footwear. Back home in Nashville, we fitted a record 150 needy individuals, working side by side with players from the Tennessee Titans and Timberland representatives. It was a truly rewarding experience for everyone involved.

Finally, in November 2000, Hal Pennington was promoted to president of the Company. A 39-year veteran of Genesco, Hal has proven his leadership strength and acumen in managing the Company's operating divisions since he became chief operating officer in 1999. Together, we have worked very well as a team and I look forward to continuing to work with him as we move forward. With day-to-day operations in capable hands, I can focus more on the Company's strategic direction, as we seek to ensure that our positive momentum continues for years to come.

Looking now at the year that is getting underway, we recognize that we must continue to nurture the unique combination of vision and discipline that has brought us this far. To keep that balance in mind, to celebrate our success, but remind us there is still road to be traveled, we have a shared commitment for the year: to keep our "feet on the ground and eyes on the future."

Ben T. Harris
Chairman and Chief Executive Officer

Hal N. Pennington
President and Chief Operating Officer

VIEWING FISCAL 2001 FROM AN OPERATIONAL PERSPECTIVE, I HAVE A RENEWED APPRECIATION FOR THE VALUE THAT A FOCUS ON THE CUSTOMER, A DISCIPLINED APPROACH TO MANAGEMENT AND A TALENTED TEAM BRING TO A COMPANY LIKE OURS. THIS POWERFUL COMBINATION HAS PRODUCED EXTRAORDINARY ACCOMPLISHMENTS AT GENESCO, AND SHOULD CONTINUE TO DRIVE GROWTH.

Journeys is probably our best example of our lifestyle focus ideal, selling "attitude you can wear" to the fashion conscious teen. Not coincidentally, it is also our fastest growing chain. With comparable store sales growth of 12% for the year, Journeys has reported double-digit gains in five of the last six years and represented 44% of Genesco's total sales in fiscal 2001. In addition to opening more than 100 new stores last year, we launched a new Journeys catalog and an in-store magazine and revamped the Journeys.com website. We believe the Journeys chain can eventually more than double its current size to at least 1,000 stores nationwide, and that its catalog and e-commerce businesses are additional areas of potential growth.

After a careful study of the preteen market, we extended the Journeys brand, opening our first Journeys Kidz store this past February. We believe, with the strength of the Journeys name and the same commitment to knowing what motivates the target customer, who is between 5 to 12 years old, Journeys Kidz can become the leading footwear marketer to "tween" consumers, as Journeys is for teens. We are pleased with the early results from the first group of Journeys Kidz stores and expect to open up to 12 stores by the end of fiscal 2002.

JOHNSTON & MURPHY. Johnston & Murphy had another solid year, with sales for the footwear brand increasing 12%. Comparable store sales in the retail shops increased 4% for the year and the wholesale business also had healthy sales growth. Johnston & Murphy consistently builds on its lifestyle brand status, with a commitment to offer its customer the right shoes and accessories in the right shopping environments.

While celebrating its 150th anniversary this past year, Johnston & Murphy added to its Madison Avenue flagship store an impressive statement store on Union Square in San Francisco, as well as an additional airport store at Atlanta Hartsfield International. Plans include another statement store opening during fiscal 2002 on North Michigan Avenue in Chicago, adding yet another of the premier shopping addresses in the United States to the Johnston & Murphy retail portfolio. Understanding the potential reach of this brand has been the impetus for Johnston & Murphy's continued execution of strategic brand extensions. In fiscal 2001, this included adding a Johnston & Murphy leather outerwear license to its already established licenses for belts, hosiery and shoe care products. Johnston & Murphy also revamped its internet site, johnstonmurphy.com, building on the e-commerce success it has enjoyed for the past four years.

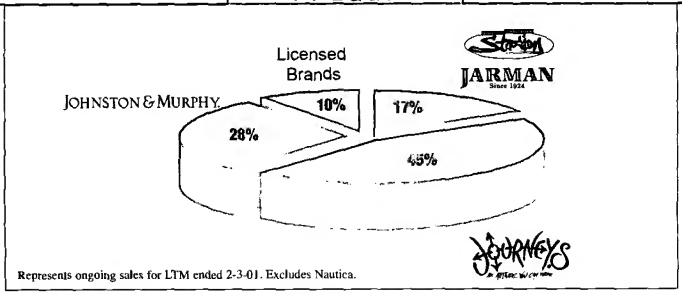
The Jarman division, including the Jarman and Underground Station stores, crystallized its strategy and sharpened its customer focus in fiscal 2001. Comparable store sales increased 6% for the year, reflecting growth in both chains, with Underground Station driving the performance. We ended fiscal 2001 with 57 Underground Station stores of a total 207 stores in the Jarman division. Because of our positive experience and outlook for the Underground Station concept, the Company has decided to devote its resources in the Jarman division to the growth of the Underground Station concept. As a result, all of the 46 store openings planned this coming year for this division will be Underground Station stores.

Our Dockers Footwear brand emerged from a strong fiscal 2000 to an even more powerful fiscal 2001. Dockers has established itself as a leading moderately priced footwear brand through superior product styling, quality and value. Dockers continued its growth with volume moderate accounts and saw solid gains in newer accounts, including department stores and specialty chains. Dockers has stayed true to its customer, understanding what he wants and continuing to bring him appropriate footwear at a compelling value.

Genesco is a diverse group of focused footwear businesses, all growing in sales and profitability. The strength of our management teams and their expertise in the footwear industry is unparalleled. I believe that the leadership, experience, focus and overall talent in every area of our business give the Company a strong competitive advantage. Our operating divisions understand their customers and their lifestyles and have the processes in place to serve them and react quickly to changes in their markets. It is my privilege to be part of the management team with the charge to drive these businesses forward.

Hal N. Pennington
President and Chief Operating Officer

FY 2001



Represents ongoing sales for LTM ended 2-3-01. Excludes Nautica.

This discussion and the notes to the Consolidated Financial Statements include certain forward-looking statements. Actual results could differ materially from those reflected by the forward-looking statements in this discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include changes in consumer demand or tastes that affect sales at retail or wholesale, changes in buying patterns by significant wholesale customers and risks associated with a softening economy, including erosion of revenues or margins caused by weakening consumer demand and deterioration in the collectibility of trade accounts receivable. These factors also include disruptions in product supply or distribution, including disruptions or price increases in the leather market related to foot and mouth or other cattle diseases, changes in business strategies by the Company's competitors, the Company's ability to open or convert, staff and support additional retail stores on schedule and at acceptable expense levels, failure of new retail ventures to meet expectations and the outcome of litigation and environmental matters and the adequacy of related reserves, including those discussed in Note 17 to the Consolidated Financial Statements. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies to address changing conditions.

SIGNIFICANT DEVELOPMENTS

Nautica Footwear License Cancellation

The Company entered into an agreement with Nautica Apparel, Inc. to end its license to market footwear under the Nautica label, effective January 31, 2001. The Company will continue to sell Nautica - branded footwear for the first six months of Fiscal 2002 in order to fill existing customer orders and sell existing inventory.

In connection with the termination of the Nautica Footwear license agreement, the Company recorded a pretax charge to earnings of $4.4 million ($2.7 million net of tax) in the fourth quarter of Fiscal 2001. The charge includes contractual obligations to Nautica Apparel for the license cancellation and other costs, primarily severance. Included in the charge is a $1.0 million inventory write-down which is reflected in gross margin on the income statement. All of these costs are expected to be incurred in the next twelve months.

Volunteer Leather Divestiture

On May 22, 2000, the Company's board of directors approved a plan to sell its Volunteer Leather finishing business and liquidate its tanning business, to allow the Company to be more focused on the retailing and marketing of branded footwear.

Certain assets of the Volunteer Leather business were sold on June 19, 2000. The plan resulted in a pretax charge to second quarter earnings of $4.9 million ($3.0 million net of tax). Because Volunteer Leather constitutes the entire Leather segment of the Company's business, the charge to earnings is treated for financial reporting purposes as a provision for discontinued operations.

The provision for discontinued operations included $1.3 million in asset write-downs and $3.6 million of other costs, of which $2.3 million are expected to be incurred in the next twelve months. As of February 3, 2001, $1.1 million of such other costs had been incurred. Other costs include primarily employee severance and facility shutdown costs. The approximately $1.3 million of other costs expected to be incurred beyond twelve months are classified as long-term liabilities in the consolidated balance sheet. The Volunteer Leather business employed approximately 160 people.

Share Repurchase Program

In total, the Company's board of directors has authorized the repurchase of 6.8 million shares of the Company's common stock since the third quarter of Fiscal 1999. This total includes the authorization in February of 2000 of an additional 1.0 million shares. The purchases may be made on the open market or in privately negotiated transactions. As of February 3, 2001, the Company had repurchased 6.4 million shares at a cost of $60.5 million pursuant to all authorizations.

Workforce Reduction

In connection with the exit of the western boot business and the closing of the Jarman Leased departments, the Company reviewed the structure and level of staffing in all of its operations during the third and fourth quarters of Fiscal 1999. Upon completion of the review, the Company recorded a $1.3 million charge to earnings, included in selling and administrative expenses, during the fourth quarter of Fiscal 1999 for a workforce reduction of 66 positions, of which substantially all were eliminated by January 29, 2000. Twenty-six of the positions eliminated related to the Jarman Leased departments business, with the remainder being primarily employed at corporate headquarters.

BUSINESS SEGMENTS

The Company currently operates four reportable business segments (not including corporate): Journeys; Jarman, comprised primarily of the Jarman and Underground Station retail footwear chains; Johnston & Murphy, comprised of Johnston & Murphy retail stores, direct marketing and wholesale distribution; and Licensed Brands, comprised of Dockers and Nautica Footwear. The Company has ended the license agreement with Nautica Apparel, Inc. to market Nautica footwear effective January 31, 2001. In Fiscal 2000 the Company operated the Other Retail segment, comprised of General Shoe Warehouse and the Jarman Leased departments, both of which were closed in Fiscal 2000. The Company also operated the Leather segment in Fiscal 2000 and some of Fiscal 2001. The Company sold certain assets of its Volunteer Leather business on June 19, 2000 and has discontinued all Leather segment operations.

RESULTS OF OPERATIONS – FISCAL 2001 COMPARED TO FISCAL 2000

The Company's net sales for Fiscal 2001 (53 weeks) increased 23.0% to $680.2 million from $553.0 million in Fiscal 2000 (52 weeks). Total retail sales attributable to the extra week were $9.4 million. Excluding net sales attributable to the divested Other Retail business from last year, the Company's net sales increased 25.0% to $680.2 million in Fiscal 2001 from $544.2 million in Fiscal 2000. Gross margin increased 25.9% to $322.5 million in Fiscal 2001 from $256.3 million in Fiscal 2000 and increased as a percentage of net sales from 46.3% to 47.4%. Selling and administrative expenses in Fiscal 2001 increased 23.7% from Fiscal 2000 and increased as a percentage of net sales from 37.8% to 38.1%. Selling and administrative expenses were reduced $1.4 million in Fiscal 2001, reflecting a reduction in pension expense to $0.3 million from $1.7 million in Fiscal 2000. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings before income taxes and discontinued operations ("pretax earnings") for Fiscal 2001 were $53.0 million compared to $41.0 million for Fiscal 2000. Pretax earnings for Fiscal 2001 included a restructuring charge of $4.4 million related to the termination of the Nautica Footwear license.

Net earnings for Fiscal 2001 were $29.6 million ($1.23 diluted earnings per share) compared to $25.9 million ($1.05 diluted earnings per share) for Fiscal 2000. Net earnings for Fiscal 2001 included a $3.0 million ($.11 diluted earnings per share) charge to earnings (net of tax) related to the divestiture of the Company's Volunteer Leather business. Net earnings for Fiscal 2000 include a gain from discontinued operations, net of tax, of $0.6 million ($0.02 diluted earnings per share). The Company recorded an effective federal income tax rate of 38.0% for Fiscal 2001.

JOURNEYS

	Fiscal Year Ended		
(dollars in thousands)	**2001**	2000	% Change
Net sales	**$ 300,758**	$ 215,318	39.7%
Operating income	**$ 41,869**	$ 29,719	40.9%
Operating margin	**13.9%**	13.8%	

Reflecting both a 30% increase in average Journeys stores operated (i.e., the sum of the number of stores open on the first day of the fiscal year and the last day of each fiscal month during the year divided by thirteen) and a 12% increase in comparable store sales, net sales from Journeys increased 39.7% for Fiscal 2001 compared to Fiscal 2000. The average price per pair of shoes increased 1% in Fiscal 2001, primarily reflecting changes in product mix, and unit sales increased 38% during the same period. The store count for Journeys was 425 stores at the end of Fiscal 2001 compared to 323 stores at the end of Fiscal 2000.

Journeys' operating income for Fiscal 2001 increased 40.9% to $41.9 million compared to $29.7 million for Fiscal 2000. The increase was due to increased sales from both store openings and a comparable store sales increase and increased gross margin as a percentage of sales.

JARMAN

	Fiscal Year Ended		
(dollars in thousands)	**2001**	2000	% Change
Net sales	**$ 109,791**	$ 86,897	26.3%
Operating income	**$ 8,395**	$ 4,336	93.6%
Operating margin	**7.6%**	5.0%	

Primarily due to a 17% increase in average stores operated and a 6% increase in comparable store sales, net sales from the Jarman division (including Underground Station stores) increased 26.3% for Fiscal 2001 compared to Fiscal 2000. The increase in sales and comparable store sales was driven primarily by Underground Station stores. The average price per pair of shoes increased 2% in Fiscal 2001, primarily reflecting changes in product mix, and unit sales increased 22% during the same period. Jarman operated 207 stores at the end of Fiscal 2001, including 57 Underground Station stores. Going forward, the Company will not open any new Jarman stores. All new store openings in this segment will be Underground Station stores, and many of the existing Jarman stores will be converted to Underground Station stores. It had operated 161 stores at the end of Fiscal 2000, including 21 Underground Station stores.

Jarman operating income for Fiscal 2001 was $8.4 million compared to $4.3 million for Fiscal 2000 and increased as a percent of sales to 7.6% from 5.0% in Fiscal 2000. The increase was due to increased sales and increased gross margin in dollars and as a percentage of sales, due primarily to changes in product mix, and to decreased expenses as a percentage of sales.

JOHNSTON & MURPHY

	Fiscal Year Ended		
(dollars in thousands)	**2001**	2000	% Change
Net sales	**$ 188,060**	$ 167,459	12.3%
Operating income	**$ 24,636**	$ 22,187	11.0%
Operating margin	**13.1%**	13.2%	

Johnston & Murphy net sales increased 12.3% to $188.1 million for Fiscal 2001 from $167.5 million for Fiscal 2000. Johnston & Murphy retail sales increased 14%. The increase reflects primarily a 3% increase in comparable store sales and a 6% increase in average Johnston & Murphy retail stores operated. Retail operations accounted for 64% of Johnston & Murphy segment sales in Fiscal 2001, up from 63% in Fiscal 2000. The store count for Johnston & Murphy retail operations at the end of Fiscal 2001 included 147 Johnston & Murphy stores and factory stores compared to 143 Johnston & Murphy stores and factory stores at the end of Fiscal 2000. The average price per pair of shoes for Johnston & Murphy retail decreased 1% in Fiscal 2001, primarily due to increased markdowns, while unit sales increased 10% during the same period. There was a 10% increase in Johnston & Murphy wholesale sales. Unit sales for the Johnston & Murphy wholesale business increased 15% in Fiscal 2001, while the average price per pair of shoes decreased 4% for the same period, reflecting increased promotional activities and mix changes.

Johnston & Murphy operating income for Fiscal 2001 increased 11.0% from $22.2 million for Fiscal 2000 to $24.6 million, primarily due to increased sales.

LICENSED BRANDS

	Fiscal Year Ended		
(dollars in thousands)	**2001**	2000	% Change
Net sales	**$ 81,557**	$ 74,518	9.4%
Operating income	**$ 4,695**	$ 2,488	88.7%
Operating margin	**5.8%**	3.3%	

Licensed Brands net sales increased 9.4% to $81.6 million for Fiscal 2001 from $74.5 million for Fiscal 2000. The sales increase reflected a 36% increase in net sales of Dockers Footwear, offset by declining sales of Nautica Footwear. Unit sales for the Licensed Brands wholesale businesses increased 9% for Fiscal 2001, while the average price per pair of shoes decreased 2% for the same period, reflecting increased promotional activities in the Nautica business and changes in product mix.

Licensed Brands operating income for Fiscal 2001 increased 88.7% from $2.5 million for Fiscal 2000 to $4.7 million, primarily due to increased sales and decreased expenses as a percentage of sales. For additional information regarding the Company's decision to exit the Nautica Footwear business, see "Significant Developments—Nautica Footwear License Cancellation." Net sales for Nautica Footwear were $18.8 million and $28.4 million for Fiscal 2001 and Fiscal 2000, respectively, while operating losses were $2.5 million and $2.2 million for Fiscal 2001 and Fiscal 2000, respectively.

OTHER RETAIL

	Fiscal Year Ended		
(dollars in thousands)	**2001**	2000	% Change
Net sales	**$ 0**	$ 8,840	(100.0%)
Operating loss	**$ 0**	$ (500)	NA
Operating margin	**NA**	(5.7%)	

The Jarman Leased departments business was closed in the first quarter of Fiscal 2000 and the remaining five Other Retail stores, which were General Shoe Warehouse stores, were transferred to the Jarman and Johnston & Murphy operating segments during the first quarter of Fiscal 2001. The Company will no longer report results from the Other Retail segment.

CORPORATE AND INTEREST EXPENSES

Corporate and other expenses for Fiscal 2001 were $14.9 million compared to $10.9 million for Fiscal 2000 (exclusive of a restructuring charge of $4.4 million and other charges of $0.1 million, primarily litigation and severance charges, in Fiscal 2001 and other charges of $0.4 million, primarily litigation and severance charges, in Fiscal 2000), an increase of 37.3%. The increase in corporate expenses in Fiscal 2001 is attributable primarily to increased bonus accruals based upon the improved financial performance of the Company.

Interest expense increased 5.7% from $8.2 million in Fiscal 2000 to $8.6 million in Fiscal 2001, primarily due to increased bank activity fees related to the increase in the number of individual bank accounts because of new store openings.

Interest income decreased 34% from $2.2 million in Fiscal 2000 to $1.4 million in Fiscal 2001 due to decreases in average short-term investments. There were no borrowings under the Company's revolving credit facility during either Fiscal 2001 or Fiscal 2000.

RESULTS OF OPERATIONS — FISCAL 2000 COMPARED TO FISCAL 1999

The Company's net sales for Fiscal 2000 increased 3.9% to $553.0 million from $532.2 million in Fiscal 1999. Excluding net sales attributable to the divested Other Retail and western boot businesses from both periods, the Company's net sales increased 18.5% to $544.2 million in Fiscal 2000 from $459.4 million in Fiscal 1999. Gross margin increased 5.2% to $256.3 million in Fiscal 2000 from $243.5 million in Fiscal 1999 and increased as a percentage of net sales from 45.8% in Fiscal 1999 to 46.3% in Fiscal 2000. Selling and administrative expenses in Fiscal 2000 were flat with Fiscal 1999 but decreased as a percentage of net sales from 39.2% in Fiscal 1999 to 37.8% in Fiscal 2000. Explanations of the changes in results of operations are provided by business segment in discussions following these introductory paragraphs.

Earnings before income taxes, discontinued operations and extraordinary loss ("pretax earnings") for Fiscal 2000 were $41.0 million compared to $30.5 million for Fiscal 1999. Pretax earnings for Fiscal 1999 included a restructuring gain of $2.4 million primarily relating to the Boot Divestiture and $2.0 million of other charges, primarily litigation and severance charges, including the fourth quarter $1.3 million workforce reduction charge discussed under "Significant Developments—Workforce Reduction."

Net earnings in Fiscal 2000 were $25.9 million ($1.05 diluted earnings per share) compared to $53.1 million ($1.83 diluted earnings per share) for Fiscal 1999. Net earnings for Fiscal 2000 include a gain from discontinued operations, net of tax, of $0.6 million ($0.02 diluted earnings per share). In addition to the adjustments to earnings discussed above, Fiscal 1999 earnings included a tax benefit of $24.1 million, a gain from discontinued operations, net of tax, of $0.8 million ($0.03 diluted earnings per share) and an extraordinary charge, net of tax, of $2.2 million ($0.07 diluted earnings per share) for the early retirement of debt. The Company recorded an effective federal income tax rate of 38.2% for Fiscal 2000.

The Fiscal 1999 tax benefit of $24.1 million related to reversal of valuation reserves on deferred tax assets in the fourth quarter of Fiscal 1999. The reversal resulted from the reassessment by the Company of the levels of valuation allowances. The Company concluded it was more likely than not that the increased levels of deferred tax assets will be realized due to increased levels of profitability, future income projections and the substantial removal of uncertainties surrounding the Company's divestitures.

JOURNEYS

	Fiscal Year Ended		
(dollars in thousands)	**2000**	1999	% Change
Net sales	**$ 215,318**	$ 159,965	34.6%
Operating income	**$ 29,719**	$ 21,704	36.9%
Operating margin	**13.8%**	13.6%	

Reflecting both a 28% increase in average Journeys stores operated and a 13% increase in comparable store sales, net sales from Journeys increased 34.6% for Fiscal 2000 compared to Fiscal 1999. The average price per pair of shoes increased 3% in Fiscal 2000 and unit sales increased 31% during the same period. The store count for Journeys included 323 stores at the end of Fiscal 2000 compared to 258 stores at the end of Fiscal 1999.

Journeys operating income for Fiscal 2000 was up 36.9% to $29.7 million compared to $21.7 million in Fiscal 1999. The increase was due to increased sales both from store openings and a comparable store sales increase and decreased expenses as a percentage of sales.

JARMAN

	Fiscal Year Ended		
(dollars in thousands)	**2000**	1999	% Change
Net sales	**$ 86,897**	$ 83,315	4.3%
Operating income	**$ 4,336**	$ 2,983	45.4%
Operating margin	**5.0%**	3.6%	

Primarily due to an 8% increase in comparable store sales, net sales from Jarman increased 4.3% for Fiscal 2000 compared to Fiscal 1999. The increase in sales was driven primarily by Underground Station stores. The average price per pair of shoes increased 7% in Fiscal 2000 while unit sales decreased 4% during the same period. Jarman operated 161 stores at the end of Fiscal 2000, including 21 Underground Station stores. It had operated 166 stores at the end of Fiscal 1999, including 17 Underground Station stores.

Jarman operating income for Fiscal 2000 was up 45.4% to $4.3 million compared to $3.0 million in Fiscal 1999 and increased as a percent of sales to 5.0% from 3.6% in Fiscal 1999. The increase was due to increased sales, increased gross margin in dollars and as a percentage of sales due primarily to lower markdowns, and to decreased expenses as a percentage of sales.

OTHER RETAIL

	Fiscal Year Ended		
			%
(dollars in thousands)	**2000**	1999	Change
Net sales	**$ 8,840**	$ 56,184	(84.3%)
Operating income (loss)	**$ (500)**	$ 2,214	NA
Operating margin	**(5.7%)**	3.9%	

The Jarman Leased departments business was closed in the first quarter of Fiscal 2000. Primarily because of the loss of sales from the Jarman Leased departments business and a 14% decrease in comparable store sales for General Shoe Warehouse, net sales from Other Retail decreased 84.3% for Fiscal 2000 compared to Fiscal 1999. Other Retail operating income for Fiscal 2000 was down $2.7 million from Fiscal 1999 as a result of the decreased sales and decreased gross margins as a percentage of sales. As of January 29, 2000, only five Other Retail stores were open, which were General Shoe Warehouse stores, compared to 94 Other Retail stores operated at the end of Fiscal 1999. In the first quarter of Fiscal 2001, four of the General Shoe Warehouse stores were transferred to the Jarman operating segment and one was transferred to the Johnston & Murphy operating segment. The Company will no longer report results from the Other Retail segment.

JOHNSTON & MURPHY

	Fiscal Year Ended		
			%
(dollars in thousands)	**2000**	1999	Change
Net sales	**$ 167,459**	$ 148,380	12.9%
Operating income	**$ 22,187**	$19,708	12.6%
Operating margin	**13.2%**	13.3%	

Johnston & Murphy net sales increased 12.9% to $167.5 million in Fiscal 2000 from $148.4 million in Fiscal 1999, reflecting primarily a 4% increase in comparable store sales and a 9% increase in average Johnston & Murphy retail stores operated. Retail operations accounted for 63% of Johnston & Murphy segment sales in Fiscal 2000 and 62% of Johnston & Murphy segment sales in Fiscal 1999. The store count for Johnston & Murphy retail operations at the end of Fiscal 2000 included 143 Johnston & Murphy stores and factory stores compared to 132 Johnston & Murphy stores and factory stores at the end of Fiscal 1999. The average price per pair of shoes for Johnston & Murphy retail increased 1% in Fiscal 2000 and unit sales increased 11% during the same period. There was a 10% increase in Johnston & Murphy wholesale sales. Unit sales for the Johnston & Murphy wholesale business increased 12% in Fiscal 2000, while the average price per pair of shoes decreased 3% for the same period, reflecting increased promotional activities and mix changes.

Johnston & Murphy operating income for Fiscal 2000 increased 12.6% from $19.7 million in Fiscal 1999 to $22.2 million in Fiscal 2000, primarily due to increased sales and decreased expenses as a percentage of sales from increased leverage.

LICENSED BRANDS

	Fiscal Year Ended		
(dollars in thousands)	**2000**	1999	% Change
Net sales	**$ 74,518**	$ 67,760	10.0%
Operating income	**$ 2,488**	$ 2,435	2.2%
Operating margin	**3.3 %**	3.6%	

Licensed Brands net sales increased 10.0% to $74.5 million in Fiscal 2000 from $67.8 million in Fiscal 1999, reflecting primarily a 9% increase in Licensed Brands wholesale sales. Unit sales for the Licensed Brands wholesale businesses increased 16% in Fiscal 2000, while the average price per pair of shoes decreased 6% for the same period, reflecting increased promotional activities.

Licensed Brands operating income for Fiscal 2000 increased 2.2% from $2.4 million in Fiscal 1999 to $2.5 million in Fiscal 2000, primarily due to increased sales and decreased expenses as a percentage of sales.

CORPORATE AND INTEREST EXPENSES

Corporate and other expenses for Fiscal 2000 were $10.9 million compared to $11.0 million for Fiscal 1999 (exclusive of other charges of $0.4 million, primarily litigation and severance charges, in Fiscal 2000 and a restructuring gain of $2.4 million and other charges of $2.0 million, primarily litigation and severance charges, in Fiscal 1999), a decrease of 1.3%. The decrease in corporate expenses in Fiscal 2000 is attributable primarily to decreased professional fees.

Interest expense decreased 11.9% from $9.3 million in Fiscal 1999 to $8.2 million in Fiscal 2000, primarily due to the decrease in interest rates on the Company's long-term debt from 10 3/8% on $75 million in borrowings as a result of the notes being redeemed in Fiscal 1999 to 5 1/2% on $103.5 million of convertible notes issued in Fiscal 1999.

Interest income decreased 18% from $2.6 million in Fiscal 1999 to $2.2 million in Fiscal 2000, due to decreases in general marketplace interest rates. There were no borrowings under the Company's revolving credit facility during either Fiscal 2000 or Fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth certain financial data at the dates indicated.

(dollars in millions)	**Feb. 3, 2001**	Jan. 29, 2000	Jan. 30, 1999
Cash and short-term investments	**$ 60.4**	$ 57.9	$ 58.7
Working capital	**$ 144.9**	$ 138.0	$ 155.8
Long-term debt (includes current maturities)	**$ 103.5**	$ 103.5	$ 103.5
Current ratio	**2.5 x**	2.8 x	3.1x

WORKING CAPITAL

The Company's business is somewhat seasonal, with the Company's investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year. Cash flow from operations is generated principally in the fourth quarter of each fiscal year.

Cash provided by operating activities was $36.1 million in Fiscal 2001 compared to $47.2 million in Fiscal 2000. The $11.1 million decrease in cash flow from operating activities reflects primarily a $3.1 million increase in accounts receivable due to increased wholesale sales and extended terms, increased inventory and a $6.8 million increase in taxes paid. The $25.8 million increase in inventories at February 3, 2001 from January 29, 2000 levels reflects increases in retail inventory to support the net increase of 147 stores, excluding Nautica Leased departments, in Fiscal 2001 as well as increases to support the Company's continued growth.

Cash provided by operating activities was $47.2 million in Fiscal 2000 compared to $9.4 million in Fiscal 1999. The $37.7 million increase in cash flow from operating activities reflected primarily improved earnings, a much smaller increase in inventory for Fiscal 2000 compared to Fiscal 1999 and an increase in accrued liabilities for increased bonus accruals and income taxes to be paid in Fiscal 2001. The $0.3 million increase in inventories at January 29, 2000 from January 30, 1999 levels reflects planned increases in retail inventory to support the net increase of 60 stores, excluding Jarman Leased and Nautica Leased departments, in Fiscal 2000. Accounts receivable at January 29, 2000 decreased $0.7 million compared to January 30, 1999, primarily due to exiting the Jarman Leased departments business, also contributing to the cash flow improvement. The Company's earnings before income taxes, discontinued operations and extraordinary loss for Fiscal 2000 improved by $10.5 million over the prior year. Federal income taxes paid for Fiscal 2000 increased by only $2.6 million from the prior year, as the Company utilized its remaining net operating loss carryforwards.

Cash provided (or used) due to changes in accounts payable and accrued liabilities are as follows:

		Fiscal Year Ended	
(in thousands)	**2001**	2000	1999
Accounts payable	**$ 4,635**	$ (348)	$ (634)
Accrued liabilities	**10,468**	4,385	(3,107)
	$ 15,103	$ 4,037	$ (3,741)

The fluctuations in accounts payable for Fiscal 2001 from Fiscal 2000 and for Fiscal 2000 from Fiscal 1999 are due to changes in payment terms negotiated with individual vendors, inventory levels and buying patterns. The change in accrued liabilities in Fiscal 2001 as well as Fiscal 2000 was due primarily to increased bonus accruals and income tax accruals.

There were no revolving credit borrowings during Fiscal 2001, 2000 or 1999, as cash generated from operations and cash on hand funded seasonal working capital requirements and capital expenditures.

CAPITAL EXPENDITURES

Capital expenditures were $34.7 million, $22.3 million and $23.5 million for Fiscal 2001, 2000 and 1999, respectively. The $12.4 million increase in Fiscal 2001 capital expenditures as compared to Fiscal 2000 resulted primarily from an increase in retail store capital expenditures due to the increase in new stores. The $1.2 million decrease in Fiscal 2000 capital expenditures as compared to Fiscal 1999 resulted primarily from a decrease of capital expenditures connected with new system initiatives related to the year 2000, which more than offset the increase in retail store capital expenditures due to the increase in new stores.

Total capital expenditures in Fiscal 2002 are expected to be approximately $54.6 million. These include expected retail expenditures of $29.1 million to open approximately 101 Journeys stores, 12 Journeys Kidz stores, 8 Johnston & Murphy stores and factory stores, and 46 Underground Station stores, and to complete 29 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes, including a new distribution center, are expected to be approximately $25.5 million, including approximately $1.9 million for new computer systems to improve customer service and support the Company's growth and approximately $22.0 million for a new distribution center.

Due to the Company's retail growth, the Company has begun studies for a new distribution center. The Company does not know the size or location of the facility, but expects it to be located in the Middle Tennessee area. The Company expects the Fiscal 2002 cost of the facility to be in the range of $22 million to $24 million. The Company's current bank agreement has been amended in order to facilitate the additional capital expenditure for the new distribution center.

ENVIRONMENTAL AND OTHER CONTINGENCIES

The Company is subject to certain loss contingencies related to environmental proceedings and other legal matters, including those disclosed in Note 17 to the Company's Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including approximately $2.6 million reflected in Fiscal 2001 and $472,000 reflected in Fiscal 2000. The Company monitors these matters on an ongoing basis and at least quarterly management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a reasonable estimate of the probable loss connected to the proceeding, or in cases in which no reasonable estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts and circumstances as of the close of the most recent fiscal quarter. Because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, however, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves may not be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

FUTURE CAPITAL NEEDS

The Company expects that cash on hand and cash provided by operations will be sufficient to fund all of its capital expenditures through Fiscal 2002. The approximately $8.7 million of costs associated with the prior restructurings and discontinued operations that are expected to be incurred during the next twelve months are also expected to be funded from cash on hand. In February of 2000, the Company authorized the additional repurchase, from time to time, of up to 1.0 million shares of the Company's common stock. These purchases will be funded from available cash. The Company has repurchased a total of 6.4 million shares at a cost of $60.5 million out of authorizations totaling $6.8 million during Fiscal 1999, Fiscal 2000 and Fiscal 2001.

There were $9.8 million of letters of credit outstanding under the revolving credit agreement at February 3, 2001, leaving availability under the revolving credit agreement of $55.2 million.

The Company's revolving credit agreement restricts the payment of dividends and other payments with respect to capital stock. At February 3, 2001, $30.7 million was available for such payments. The aggregate of annual dividend requirements on the Company's Subordinated Serial Preferred Stock, $2.30 Series 1, $4.75 Series 3 and $4.75 Series 4, and on its $1.50 Subordinated Cumulative Preferred Stock is $294,000.

FINANCIAL MARKET RISK

The following discusses the Company's exposure to financial market risk related to changes in interest rates and foreign currency exchange rates.

Outstanding Debt of the Company – The Company's outstanding long-term debt of $103.5 million 5 1/2% convertible subordinated notes due April 2005 bears interest at a fixed rate. Accordingly, there would be no immediate impact on the Company's interest expense due to fluctuations in market interest rates. The fair value of the Company's long-term debt was $129.9 million at February 3, 2001 based on a dealer quote.

Cash and Short-Term Investments – The Company's cash and short-term investment balances are invested in financial instruments with original maturities of three months or less. The Company does not have significant exposure to changing interest rates on invested cash at February 3, 2001. As a result, the interest rate market risk implicit in these investments at February 3, 2001, if any, is low.

Foreign Currency Exchange Rate Risk - Most purchases by the Company from foreign sources are denominated in U.S. dollars. To the extent that import transactions are denominated in other currencies, it is the Company's practice to hedge its risks through the purchase of forward foreign exchange contracts. Gains and losses from these transactions are included in the cost of the underlying purchases. The gain on contracts outstanding at February 3, 2001 was $1.3 million from current spot rates. At February 3, 2001, the Company had $31.3 million of foreign exchange contracts for Italian Lira and Euro. As of February 3, 2001, a 10% adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts by approximately $1.7 million.

Summary – Based on the Company's overall market interest rate and foreign currency rate exposure at February 3, 2001, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates or fluctuations in foreign currency exchange rates on the Company's consolidated financial position, results of operations or cash flows for Fiscal 2001 would not be material.

The Company does not purchase or hold any derivative financial instruments for trading purposes.

CHANGES IN ACCOUNTING PRINCIPLES

In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, effective for fiscal years beginning after June 15, 1999. The Financial Accounting Standards Board issued SFAS No. 137 in July 1999 to delay the effective date of SFAS No. 133 for one year, to fiscal years beginning after June 15, 2000. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and to measure those instruments at fair value. Under certain conditions, a derivative may be specifically designated as a fair value hedge or a cash flow hedge. The accounting for changes in the fair value of a derivative are recorded each period in current earnings or in other comprehensive income depending on the intended use of the derivative and the resulting designation. Management of the Company anticipates that, due to the Company's limited use of derivative instruments, the adoption of SFAS No. 133 will not have a significant effect on the Company's results of operations or its financial position.

In July 2000, the Emerging Issues Task Force issued EITF: Issue 00-10, "Accounting for Shipping and Handling Fees and Costs." The new pronouncement requires shipping and handling billings to customers be recorded as revenue. Amounts for shipping and handling costs can no longer be netted with related shipping and handling billings. The Company has restated its financial statements for Fiscal 2001, 2000 and 1999 to reflect the change in accounting for shipping and handling fees and costs.

OUTLOOK

This "Outlook" section in this Form 10-K contains a number of forward-looking statements relating to sales, earnings per share, capital expenditures and store opening expectations for Fiscal 2002. These forward-looking statements are based on the Company's expectations as of May 4, 2001. All of the forward-looking statements are based on management's current expectations and are inherently uncertain. Actual results could differ materially from those reflected by the forward-looking statements in this discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include changes in consumer demand or tastes that affect sales at retail or wholesale, changes in buying patterns by significant wholesale customers and risks associated with a softening economy, including erosion of revenues or margins caused by weakening consumer demand and deterioration in the collectibility of trade accounts receivable. These factors also include disruptions in product supply or distribution, including disruptions or price increases in the leather market related to foot and mouth or other cattle diseases, changes in business strategies by the Company's competitors, the Company's ability to open or convert, staff and support additional retail stores on schedule and at acceptable expense levels, failure of new retail ventures to meet expectations and the outcome of litigation and environmental matters and the adequacy of related reserves, including those discussed in Note 17 to the Consolidated Financial Statements. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies to address changing conditions.

The Company expects net sales growth in the range of 15-20% for Fiscal 2002, with an overall same store sales increase in the mid-single digit range.

In connection with the termination of the Nautica Footwear license agreement, the Company will fill customer orders and sell existing inventory for the first half of Fiscal 2002. The Company anticipates Nautica sales of between $6.5 and $8.0 million and operating losses in the range of $1.0 - $1.8 million in the first half of Fiscal 2002. The Company's expectations for Nautica are subject to uncertaintics including the risk that existing orders may be cancelled or that existing inventory may not be sold or may require greater thai planned markdowns.

The Company is comfortable that it can meet First Call earnings expectations of $1.70 per share for Fiscal 2002. It expects the earnings improvement from Fiscal 2001 to be primarily attributable to net sales growth and to selling, general and administrative expense leverage related to same store sales growth.

The Company expects capital expenditures for Fiscal 2002 to be approximately $54.6 million. The Company plans to open 101 Journcys stores, 12 Journeys Kidz stores, 46 Underground Station stores and 8 Johnston & Murphy stores and factory stores. The Company also plans to build a new distribution center with current year expenditures of approximately $22 to $24 million.

INFLATION

The Company does not believe inflation has had a material impact on sales or operating results during periods covered in this discussion.

FINANCIAL SUMMARY

GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

In Thousands except per common share data					Fiscal Year End
Financial Statistics and Other Data	**2001**	2000	1999	1998	1997
RESULTS OF OPERATIONS DATA					
Net sales	**$680,166**	$553,032	$532,164	$506,889	$426,565
Depreciation and amortization	**13,200**	10,514	9,691	8,893	7,747
Earnings before interest and taxes	**60,187**	46,969	37,101	16,396	15,761
Pretax earnings	**52,987**	40,982	30,490	7,534	7,020
Earnings before discontinued operations and extraordinary loss	**32,831**	25,335	54,558	7,494	7,442
Discontinued operations	**(3,233)**	587	815	1,326	2,962
Loss on early retirement of debt (net of tax)	**0**	0	2,245	169	0
Net earnings	**$ 29,598**	$ 25,922	$ 53,128	$ 8,651	$ 10,404
PER COMMON SHARE DATA					
Earnings before discontinued operations and extraordinary loss					
Basic	**$ 1.51**	$ 1.12	$ 2.13	$ .28	$ .29
Diluted	**1.35**	1.03	1.87	.27	.28
Discontinued operations					
Basic	**(.15)**	.03	.03	.05	.12
Diluted	**(.12)**	.02	.03	.05	.12
Extraordinary loss					
Basic	**.00**	.00	(.09)	.00	.00
Diluted	**.00**	.00	(.07)	(.01)	.00
Net earnings					
Basic	**1.36**	1.14	2.07	.33	.41
Diluted	**1.23**	1.05	1.83	.31	.39
BALANCE SHEET DATA					
Total assets	**$352,163**	$301,165	$307,198	$246,817	$221,654
Long-term debt	**103,500**	103,500	103,500	75,000	75,000
Capital leases	**28**	34	36	279	1,485
Non-redeemable preferred stock	**7,721**	7,882	7,918	7,945	7,944
Common shareholders' equity	**130,504**	100,360	108,661	64,019	45,846
Additions to plant, equipment and capital leases	**34,735**	22,312	23,512	24,725	14,640
FINANCIAL STATISTICS					
Earnings before interest and taxes as a percent of net sales	**8.8%**	8.5%	7.0%	3.2%	3.7%
Book value per share	**$ 6.02**	$ 4.73	$ 4.56	$ 2.43	$ 1.82
Working capital	**$144,926**	$138,007	$155,778	$119,313	$108,795
Current ratio	**2.5**	2.8	3.1	2.6	2.6
Percent long-term debt to total capitalization	**42.8%**	48.9%	47.0%	51.1%	58.7%
OTHER DATA (END OF YEAR)					
Number of retail outlets*	**836**	679	674	587	504
Number of employees	**4,700**	4,250	3,650	4,300	4,050

**Includes 78 Jarman Leased departments in Fiscal 1999 which were divested during the first quarter of Fiscal 2000 and 26 Boot Factory stores in Fiscal 1998 and 29 Boot Factory stores in Fiscal 1997 which were divested during the second quarter of Fiscal 1999. Also includes Nautica Retail leased departments of 57, 47, 24 and 4 in Fiscal 2001, 2000, 1999 and 1998, respectively.*

Reflected in the earnings for Fiscal 1999 was a tax benefit of $24.1 million. See Note 13 to the Consolidated Financial Statements for additional information.

Reflected in the earnings for Fiscal 2001, 1999, 1998 and 1997 were restructuring and other charges of $4.4 million, ($2.4) million, $17.7 million and $1.7 million, respectively. See Note 2 to the Consolidated Financial Statements for additional information regarding these charges. Also reflected in the earnings for Fiscal 1997 was a $6.7 million litigation settlement.

Long-term debt and capital leases include current payments. On April 9, 1998, the Company issued $103.5 million of 5 1/2% convertible subordinated notes due 2005. The Company used $80 million of the proceeds to repay all of its 10 3/8% senior notes including interest and expenses incurred in connection therewith.

The Company has not paid dividends on its Common Stock since 1973. See Note 12 to the Consolidated Financial Statements for a description of limitations on the Company's ability to pay dividends.

Management's Responsibility for Financial Statements

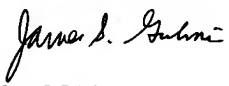
GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

The consolidated financial statements presented in this report are the responsibility of management and have been prepared in conformity with generally accepted accounting principles. Some of the amounts included in the financial information are necessarily based on estimates and judgements of management.

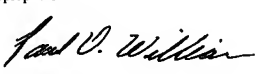
The Company maintains accounting and related internal control systems designed to provide, among other things, reasonable assurance that transactions are executed in accordance with management's authorization and that they are recorded and reported properly. An integral part of the control system is an internal audit program which regularly reviews the internal control systems of the Company and coordinates its activity with the examination by the Company's independent accountants. There are limitations inherent in all systems of internal control, and the Company weighs the cost of such systems against the expected benefits.

The financial statements have been examined by our independent accountants, PricewaterhouseCoopers. Their primary role is to render an independent professional opinion on the financial statements. Their examinations, which are performed in accordance with auditing standards generally accepted in the United States of America, include a study and evaluation of the Company's accounting systems and internal controls sufficient to express their opinion on those financial statements.

The audit committee of the board of directors, composed entirely of directors who are not employees of the Company, meets regularly with management, the internal auditor and the independent accountants to review the results of their work and to satisfy itself that their responsibilities are being properly discharged. The internal auditor and the independent accountants have full and free access to the audit committee and meet (with and without management present) to discuss appropriate matters.



James S. Gulmi
Senior Vice President – Finance
Chief Financial Officer



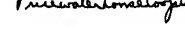
Paul D. Williams
Chief Accounting Officer

Report of Independent Accountants

PRICEWATERHOUSECOOPERS

To the Board of Directors and Shareholders of Genesco Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, of cash flows and of shareholders' equity present fairly, in all material respects, the financial position of Genesco Inc. and its subsidiaries at February 3, 2001 and January 29, 2000, and the results of their operations and their cash flows for each of the three years in the period ended February 3, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



Nashville, Tennessee
February 27, 2001

Consolidated Balance Sheet

GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

In thousands	As of Fiscal Year End 2001	2000
ASSETS		
Current Assets		
Cash and short-term investments	**$ 60,382**	$ 57,860
Accounts receivable	**22,700**	23,617
Inventories	**134,236**	109,815
Deferred income taxes	**15,263**	14,826
Other current assets	**10,806**	8,881
Current assets of discontinued operations	**359**	0
Total current assets	**243,746**	214,999
Plant, equipment and capital leases	**87,747**	68,661
Deferred income taxes	**3,396**	4,184
Other noncurrent assets	**16,644**	13,321
Plant and equipment of discontinued operations, net	**630**	0
Total Assets	**$ 352,163**	$ 301,165
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 94,252**	$ 74,874
Provision for discontinued operations	**4,568**	2,118
Total current liabilities	**98,820**	76,992
Long-term debt	**103,500**	103,500
Other long-term liabilities	**7,354**	6,368
Provision for discontinued operations	**4,264**	6,063
Total liabilities	**213,938**	192,923
Contingent liabilities (see Note 17)		
Shareholders' Equity		
Non-redeemable preferred stock	**7,721**	7,882
Common shareholders' equity:		
Common stock, $1 par value:		
Authorized: 80,000,000 shares		
Issued: 2001 – 22,149,915; 2000 – 21,714,678	**22,150**	21,715
Additional paid-in capital	**95,194**	94,784
Retained earnings	**31,017**	1,718
Treasury shares, at cost	**(17,857)**	(17,857)
Total shareholders' equity	**138,225**	108,242
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 352,163**	$ 301,165

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED EARNINGS

GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

In thousands, except per share amounts	Fiscal Year 2001	2000	1999
Net sales	**$ 680,166**	$ 553,032	$ 532,164
Cost of sales	**357,653**	296,772	288,684
Selling and administrative expenses	**258,893**	209,291	208,782
Restructuring and other charges, net	**3,433**	0	(2,403)
Earnings from operations before interest	**60,187**	46,969	37,101
Interest expense	**8,618**	8,152	9,250
Interest income	**(1,418)**	(2,165)	(2,639)
Total interest expense, net	**7,200**	5,987	6,611
Earnings before income taxes, discontinued operations and extraordinary loss	**52,987**	40,982	30,490
Income taxes (benefit)	**20,156**	15,647	(24,068)
Earnings before discontinued operations and extraordinary loss	**32,831**	25,335	54,558
Discontinued operations:			
Operating income (loss)	**(226)**	587	365
Excess provision (provision) for future losses	**(3,007)**	0	450
Earnings before extraordinary loss	**29,598**	25,922	55,373
Extraordinary loss from early retirement of debt, net	**0**	0	(2,245)
NET EARNINGS	**$ 29,598**	$ 25,922	$ 53,128
Basic earnings per common share:			
Before discontinued operations and extraordinary loss	**$ 1.51**	$ 1.12	$ 2.13
Discontinued operations	**$ (.15)**	$ .03	$ .03
Extraordinary loss	**$ .00**	$ .00	$ (.09)
Net earnings	**$ 1.36**	$ 1.14	$ 2.07
Diluted earnings per common share:			
Before discontinued operations and extraordinary loss	**$ 1.35**	$ 1.03	$ 1.87
Discontinued operations	**$ (.12)**	$ .02	$ .03
Extraordinary loss	**$ .00**	$ .00	$ (.07)
Net earnings	**$ 1.23**	$ 1.05	$ 1.83

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED CASH FLOWS

GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

In thousands	Fiscal Year 2001	2000	1999
OPERATIONS:			
Net earnings	**$ 29,598**	$ 25,922	$ 53,128
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**13,200**	10,514	9,691
Deferred income taxes	**351**	10,687	(28,762)
Provision for losses on accounts receivable	**457**	434	447
Loss on retirement of debt	**0**	0	3,651
Restructuring charge (gain)	**4,433**	0	(2,403)
Provision for (gain from) discontinued operations	**4,854**	0	(731)
Other	**467**	1,690	2,344
Effect on cash of changes in working capital and other assets and liabilities:			
Accounts receivable	**(3,093)**	671	(2,814)
Inventories	**(25,772)**	(282)	(12,284)
Other current assets	**(1,925)**	(2,162)	(913)
Accounts payable and accrued liabilities	**15,103**	4,037	(3,741)
Other assets and liabilities	**(1,620)**	(4,358)	(8,195)
Net cash provided by operating activities	**36,053**	47,153	9,418
INVESTING ACTIVITIES:			
Capital expenditures	**(34,735)**	(22,312)	(23,512)
Proceeds from businesses divested and asset sales	**3,694**	10,069	14,115
Net cash used in investing activities	**(31,041)**	(12,243)	(9,397)
FINANCING ACTIVITIES:			
Payments on capital leases	**(6)**	(2)	(243)
Stock repurchases	**(8,778)**	(39,519)	(12,232)
Dividends paid	**(298)**	(300)	(1,502)
Exercise of options	**6,592**	4,028	2,169
Payments of long-term debt	**0**	0	(77,220)
Long-term borrowings	**0**	0	103,500
Deferred note expense	**0**	0	(3,970)
Other	**0**	0	(1,056)
Net cash provided by (used in) financing activities	**(2,490)**	(35,793)	9,446
NET CASH FLOW	**2,522**	(883)	9,467
Cash and short-term investments at beginning of year	**57,860**	58,743	49,276
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR	**$ 60,382**	$ 57,860	$ 58,743
SUPPLEMENTAL CASH FLOW INFORMATION:			
Net cash paid for:			
Interest	**$ 8,043**	$ 7,520	$ 11,112
Income taxes	**9,398**	2,605	23

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED SHAREHOLDERS' EQUITY

GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

In thousands	Total Non-Redeemable Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Comprehensive Income	Total Shareholders' Equity
Balance January 31, 1998	$ 7,945	$ 26,264	$132,218	$ (17,857)	$ (75,456)	$(1,150)		$ 71,964
Net earnings	0	0	0	0	53,128	0	53,128	53,128
Dividends paid	0	0	0	0	(1,576)	0	0	(1,576)
Exercise of options	0	230	845	0	0	0	0	1,075
Issue shares – restricted stock options	0	67	533	0	0	0	0	600
Issue shares – Employee Stock Purchase Plan	0	107	387	0	0	0	0	494
Tax effect of exercise of stock options	0	0	1,887	0	0	0	0	1,887
Stock repurchases	0	(2,343)	(9,889)	0	0	0	0	(12,232)
Minimum pension liability adjustment	0	0	0	0	0	1,150	1,150	1,150
Other	(27)	2	114	0	0	0	0	89
Comprehensive Income							$ 54,278	
Balance January 30, 1999	$ 7,918	$ 24,327	$126,095	$ (17,857)	$ (23,904)	$ 0		$ 116,579
Net earnings	0	0	0	0	25,922	0	25,922	25,922
Dividends paid	0	0	0	0	(300)	0	0	(300)
Exercise of options	0	693	2,796	0	0	0	0	3,489
Issue shares - Employee Stock Purchase Plan	0	122	417	0	0	0	0	539
Tax effect of exercise of stock options	0	0	1,427	0	0	0	0	1,427
Stock repurchases	0	(3,439)	(36,080)	0	0	0	0	(39,519)
Other	(36)	12	129	0	0	0	0	105
Comprehensive Income							$ 25,922	
Balance January 29, 2000	$ 7,882	$ 21,715	$ 94,784	$ (17,857)	$ 1,718	$ 0		$ 108,242
Net earnings	0	0	0	0	29,598	0	29,598	29,598
Dividends paid	0	0	0	0	(299)	0	0	(299)
Exercise of options	0	1,013	5,017	0	0	0	0	6,030
Issue shares - Employee Stock Purchase Plan	0	55	508	0	0	0	0	563
Tax effect of exercise of stock options	0	0	2,758	0	0	0	0	2,758
Stock repurchases	0	(646)	(8,131)	0	0	0	0	(8,777)
Other	(161)	13	258	0	0	0	0	110
Comprehensive Income							$ 29,598	
BALANCE FEBRUARY 3, 2001	**$ 7,721**	**$ 22,150**	**$ 95,194**	**$ (17,857)**	**$ 31,017**	**$ 0**		**$ 138,225**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Company's businesses include the manufacture or sourcing, marketing and distribution of footwear principally under the Johnston & Murphy and Dockers brands and the operation at February 3, 2001 of 779 Jarman, Journeys, Johnston & Murphy and Underground Station retail footwear stores and leased departments. The Company entered into an agreement with Nautica Apparel, Inc. to end its license to market footwear under the Nautica label, effective January 31, 2001. The Company will continue to sell Nautica - branded footwear for the first six months of Fiscal 2002 in order to fill existing customer orders and sell existing inventory. (See Note 2). The Company also sold certain assets of its Volunteer Leather business on June 19, 2000, and has discontinued all Leather segment operations. (See Note 2). Because of the acquisition of Mercantile by Dillards Inc., the Company ended its operation of the Jarman Leased departments in Fiscal 2000. The Company had 78 Jarman Leased departments at January 30, 1999. The Company transferred the remaining Jarman Leased departments to Dillards Inc. and Saks Inc. during the first quarter ended May 1, 1999. The Jarman Leased departments business contributed sales of approximately $1.2 million and $47.4 million and operating earnings (loss) of $(0.3) million and $2.1 million in Fiscal 2000 and 1999, respectively.

BASIS OF PRESENTATION

All subsidiaries are included in the consolidated financial statements. All significant intercompany transactions and accounts have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FISCAL YEAR

The Company's fiscal year ends on the Saturday closest to January 31. As a result, Fiscal 2001 was a 53-week year with 371 days and Fiscal 2000 and 1999 were 52-week years with 364 days. Fiscal Year 2001 ended on February 3, 2001, Fiscal Year 2000 ended on January 29, 2000 and Fiscal Year 1999 ended on January 30, 1999.

FINANCIAL STATEMENT RECLASSIFICATIONS

Certain reclassifications have been made to conform prior years' data to the current presentation.

CASH AND SHORT-TERM INVESTMENTS

Included in cash and short-term investments at February 3, 2001 and January 29, 2000, are short-term investments of $53.3 million and $47.1 million, respectively. Short-term investments are highly-liquid debt instruments having an original maturity of three months or less.

INVENTORIES

Inventories of wholesaling and manufacturing companies are stated at the lower of cost or market, with cost determined principally by the first-in, first-out method. Retail inventories are determined by the retail method.

PLANT, EQUIPMENT AND CAPITAL LEASES

Plant, equipment and capital leases are recorded at cost and depreciated or amortized over the estimated useful life of related assets. Depreciation and amortization expense are computed principally by the straight-line method over estimated useful lives:

Buildings and building equipment	20-45 years
Machinery, furniture and fixtures	3-15 years

Leasehold improvements and properties under capital leases are amortized on the straight-line method over the shorter of their useful lives or their related lease terms.

IMPAIRMENT OF LONG-TERM ASSETS

The Company periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than carrying amount.

HEDGING CONTRACTS

In order to reduce exposure to foreign currency exchange rate fluctuations in connection with inventory purchase commitments, the Company enters into foreign currency forward exchange contracts for Italian Lira and Euro. At February 3, 2001 and January 29, 2000, the Company had approximately $31.3 million and $30.1 million, respectively, of such contracts outstanding. Forward exchange contracts have an average term of approximately four and one half months. The gain from these contracts for Fiscal 2001 was $1.3 million and the loss from these contracts for Fiscal 2000 was $2.5 million. The Company monitors the credit quality of the major national and regional financial institutions with whom it enters into such contracts.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Company's financial instruments at February 3, 2001 and January 29, 2000 are:

FAIR VALUES

In thousands	**2001**		2000	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Liabilities				
Long-term Debt	**$103,500**	**$129,893**	$103,500	$77,801

Carrying amounts reported on the balance sheet for cash, short-term investments, receivables and accounts payable approximate fair value due to the short-term maturity of these instruments.

The fair value of the Company's long-term debt was based on dealer prices on the respective balance sheet dates.

POSTRETIREMENT BENEFITS

Substantially all full-time employees are covered by a defined benefit pension plan. The Company also provides certain former employees with limited medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

The Company implemented Statement of Financial Accounting Standards (SFAS) 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" in the fourth quarter of Fiscal 1999. This statement standardizes the disclosure requirements for pensions and other postretirement benefits to the extent practicable, requires additional information on changes in the benefit obligations and fair values of plan assets that will facilitate financial analysis, and eliminates certain disclosures that are no longer as useful (see Note 14).

REVENUE RECOGNITION

Retail sales are recorded net of actual returns, and exclude all taxes, while wholesale revenue is recorded net of estimated returns when the related goods have been shipped and legal title has passed to the customer.

PREOPENING COSTS

Costs associated with the opening of new stores are expensed as incurred.

ADVERTISING COSTS

Advertising costs are predominantly expensed as incurred. Advertising costs were $23.0 million, $19.1 million and $19.4 million for Fiscal 2001, 2000 and 1999, respectively.

ENVIRONMENTAL COSTS

Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated and are evaluated independently of any future claims for recovery. Generally, the timing of these accruals coincides with completion of a feasibility study or the Company's commitment to a formal plan of action. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

INCOME TAXES

Deferred income taxes are provided for all temporary differences and operating loss and tax credit carryforwards limited, in the case of deferred tax assets, to the amount the Company believes is more likely than not to be realized in the foreseeable future.

EARNINGS PER COMMON SHARE

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock. (see Note 15).

COMPREHENSIVE INCOME

The Company implemented Statement of Financial Accounting Standards (SFAS) 130, "Reporting Comprehensive Income" in the first quarter of Fiscal 1999. This statement establishes standards for reporting and display of comprehensive income. SFAS 130 requires, among other things, the Company's minimum pension liability adjustment to be included in other comprehensive income.

BUSINESS SEGMENTS

The Company implemented Statement of Financial Accounting Standards (SFAS) 131, "Disclosures about Segments of an Enterprise and Related Information" in the fourth quarter of Fiscal 1999. The standard requires that companies disclose "operating segments" based on the way management disaggregates the company for making internal operating decisions. (see Notes 2 and 18).

NOTE 2
RESTRUCTURINGS

NAUTICA FOOTWEAR LICENSE CANCELLATION

The Company entered into an agreement with Nautica Apparel, Inc. to end its license to market footwear under the Nautica label, effective January 31, 2001. The Company will continue to sell Nautica - branded footwear for the first six months of Fiscal 2002 in order to fill existing customer orders and sell existing inventory.

In connection with the termination of the Nautica Footwear license agreement, the Company recorded a pretax charge to earnings of $4.4 million ($2.7 million net of tax) in the fourth quarter of Fiscal 2001. The charge includes contractual obligations to Nautica Apparel for the license cancellation and other costs, primarily severance. Included in the charge is a $1.0 million inventory write-down which is reflected in gross margin on the income statement. All of these costs are expected to be incurred in the next twelve months.

The Nautica footwear business contributed sales of approximately $18.8 million, $28.4 million and $29.7 million and operating losses of ($2.5) million, ($2.2) million and ($0.3) million in Fiscal 2001, 2000 and 1999, respectively.

VOLUNTEER LEATHER DIVESTITURE

On May 22, 2000, the Company's board of directors approved a plan to sell its Volunteer Leather finishing business and liquidate its tanning business, to allow the Company to be more focused on the retailing and marketing of branded footwear.

Certain assets of the Volunteer Leather business were sold on June 19, 2000. The plan resulted in a pretax charge to second quarter earnings of $4.9 million ($3.0 million net of tax). Because Volunteer Leather constitutes the entire Leather segment of the Company's business, the charge to earnings is treated for financial reporting purposes as a provision for discontinued operations.

The provision for discontinued operations included $1.3 million for asset write-downs and $3.6 million for other costs, of which $2.3 million are expected to be incurred in the next twelve months. As of February 3, 2001, $1.1 million of such other costs had been incurred. Other costs include primarily employee severance and facility shutdown costs. The approximately $1.3 million of other costs expected to be incurred beyond twelve months are classified as long-term liabilities in the consolidated balance sheet. The Volunteer Leather business employed approximately 160 people.

The operating results of the leather segment are shown below:

		Period Ended	
In thousands	**Feb. 3, 2001***	Jan. 29, 2000	Jan. 30, 1999
Net sales	**$6,545**	$22,203	$18,934
Cost of sales and expenses	**6,917**	21,242	18,338
Pretax earnings (loss)	**(372)**	961	596
Income tax expense (benefit)	**(146)**	374	231
Net Earnings (Loss)	**$ (226)**	$ 587	$ 365

** Results for the four months ended May 2000.*

Discontinued operations' sales subsequent to the decision to discontinue were $0.8 million for Fiscal 2001.

WORKFORCE REDUCTION

In connection with the exit of the western boot business and the closing of the Jarman Leased departments, the Company reviewed the structure and level of staffing in all of its operations during the third and fourth quarters of Fiscal 1999. Upon completion of the review, the Company recorded a $1.3 million charge to earnings, included in selling and administrative expenses, during the fourth quarter of Fiscal 1999 for a workforce reduction of 66 positions, of which substantially all were eliminated by January 29, 2000. Twenty-six of the positions eliminated related to the Jarman Leased departments business, with the remainder being primarily employed at corporate headquarters.

NOTE 3

ACCOUNTS RECEIVABLE

In thousands	**2001**	2000
Trade accounts receivable	**$ 23,146**	$ 25,125
Miscellaneous receivables	**3,454**	1,679
Total receivables	**26,600**	26,804
Allowance for bad debts	**(1,303)**	(926)
Other allowances	**(2,597)**	(2,261)
NET ACCOUNTS RECEIVABLE	**$ 22,700**	$ 23,617

The Company's footwear wholesaling business sells primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Credit risk is affected by conditions or occurrences within the economy and the retail industry. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. One customer accounted for slightly less than 20% of the Company's trade receivables balance as of February 3, 2001 and no other customer accounted for more than 10% of the Company's trade receivables balance as of February 3, 2001.

NOTE 4

INVENTORIES

In thousands	**2001**	2000
Raw materials	**$ 1,408**	$ 3,098
Work in process	**609**	2,146
Finished goods	**34,551**	31,513
Retail merchandise	**97,668**	73,058
TOTAL INVENTORIES	**$134,236**	$109,815

NOTE 5

CURRENT ASSETS OF DISCONTINUED OPERATIONS

In thousands	**2001**
Accounts Receivable, net of allowance of $3	**$ 359**
Inventory	**0**
TOTAL CURRENT ASSETS OF DISCONTINUED OPERATIONS	**$ 359**

NOTE 6

PLANT, EQUIPMENT AND CAPITAL LEASES, NET

In thousands	**2001**	2000
Plant and equipment:		
Land	**$ 291**	$ 302
Buildings and building equipment	**1,128**	2,726
Machinery, furniture and fixtures	**56,588**	50,345
Construction in progress	**9,589**	7,116
Improvements to leased property	**73,008**	58,962
Capital leases:		
Buildings	**20**	305
Plant, equipment and capital leases, at cost	**140,624**	119,756
Accumulated depreciation and amortization:		
Plant and equipment	**(52,870)**	(50,794)
Capital leases	**(7)**	(301)
NET PLANT, EQUIPMENT AND CAPITAL LEASES	**$ 87,747**	$ 68,661

NOTE 7

OTHER NONCURRENT ASSETS

In thousands	**2001**	2000
Other noncurrent assets:		
Prepaid pension cost	**$ 12,212**	$ 8,554
Investments and long-term receivables	**2,033**	1,761
Deferred note expense	**2,399**	3,006
TOTAL OTHER NONCURRENT ASSETS	**$ 16,644**	$ 13,321

NOTE 8

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

In thousands	2001	2000
Trade accounts payable	**$ 37,592**	$ 32,957
Accrued liabilities:		
Employee compensation	**19,031**	14,222
Income taxes	**9,246**	3,621
Rent	**6,004**	4,476
Taxes other than income taxes	**5,371**	5,635
Insurance	**2,226**	1,756
Interest	**1,802**	1,832
Other	**12,980**	10,375
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 94,252**	$ 74,874

At February 3, 2001 and January 29, 2000, outstanding checks drawn on certain domestic banks exceeded book cash balances by approximately $3.8 million and $7.8 million, respectively. These amounts are included in trade accounts payable.

NOTE 9

PROVISION FOR DISCONTINUED OPERATIONS AND RESTRUCTURING RESERVES

PROVISION FOR DISCONTINUED OPERATIONS

In thousands	Employee Related Costs*	Facility Shutdown Costs	Other	Total
Balance January 29, 2000	$ 8,181	$ 0	$ 0	$ 8,181
Volunteer Leather provision	1,063	2,082	426	3,571
Charges and adjustments, net	(2,695)	(158)	(67)	(2,920)
Balance February 3, 2001	6,549	1,924	359	8,832
Current portion	2,669	1,540	359	4,568
TOTAL NONCURRENT PROVISION FOR DISCONTINUED OPERATIONS	$ 3,880	$ 384	$ 0	$ 4,264

** Includes $6.5 million of apparel union pension withdrawal liability.*

RESTRUCTURING RESERVES

In thousands	Employee Related Costs	Facility Shutdown Costs	Other	Total
Balance January 29, 2000	$ 64	$ 436	$ 527	$1,027
Nautica restructuring	517	0	2,866	3,383
Charges and adjustments, net	(64)	(269)	138	(195)
Balance February 3, 2001	517	167	3,531	4,215
Current portion (included in accounts payable and accrued liabilities)	517	127	3,531	4,175
TOTAL NONCURRENT RESTRUCTURING RESERVES (included in other long-term liabilities)	$ 0	$ 40	$ 0	$ 40

NOTE 10

LONG-TERM DEBT

In thousands	**2001**	2000
5 1/2% convertible subordinated notes due April 2005	**$103,500**	$103,500
Total long-term debt	**103,500**	103,500
Current portion	**0**	0
TOTAL NONCURRENT PORTION OF LONG-TERM DEBT	**$103,500**	$103,500

REVOLVING CREDIT AGREEMENT:

On September 24, 1997, the Company entered into a revolving credit agreement with three banks providing for loans or letters of credit of up to $65 million which, as amended, expires September 24, 2002. This agreement replaced a $35 million revolving credit agreement providing for loans or letters of credit. Outstanding letters of credit at February 3, 2001 were $9.8 million; no loans were outstanding at that date.

Under the revolving credit agreement, the Company may borrow at the prime rate or LIBOR plus 1.25% which may be changed if the Company's pricing ratio (as defined in the credit agreement) changes. Facility fees are 0.375% per annum on $65.0 million and also vary based on the pricing ratio. The revolving credit agreement requires the Company to meet certain financial ratios and covenants, including minimum tangible net worth, fixed charge coverage and debt to equity ratios. The Company is required by the credit agreement to reduce the outstanding principal balance of the revolving loans to zero for 30 consecutive days during each period beginning on December 15 of any fiscal year and ending on April 15 of the following fiscal year. The revolving credit agreement, as amended, contains other covenants which restrict the payment of dividends and other payments with respect to capital stock. In addition, annual capital expenditures are limited to $36.0 million for Fiscal 2001 and thereafter, subject to possible carryforwards from the previous year of up to $3.0 million if less is spent in the current year. The Company was in compliance with the financial covenants contained in the revolving credit agreement at February 3, 2001.

10 3/8% SENIOR NOTES DUE 2003:

On February 1, 1993, the Company issued $75 million of 10 3/8% senior notes due February 1, 2003. These notes were redeemed on May 8, 1998, resulting in a $3.7 million extraordinary loss ($2.2 million net of tax) for early retirement of debt recognized in the second quarter of Fiscal 1999.

5 1/2% CONVERTIBLE SUBORDINATED NOTES DUE 2005:

On April 9, 1998, the Company issued $103.5 million of 5 1/2% convertible subordinated notes due April 15, 2005. The notes are convertible into 47.5172 shares of common stock per $1,000 principal amount of Notes (equivalent to a conversion price of $21.045 per share of common stock), subject to adjustment. During the second quarter of Fiscal 1999 the Company used: 1) $79.9 million of the proceeds to repay all of the Company's 10 3/8% senior notes including interest and expenses incurred in connection therewith, resulting in an extraordinary loss of $3.7 million ($2.2 million net of tax), 2) $1.3 million of the proceeds to pay preferred dividends in arrears because of certain covenants in the indenture relating to the senior notes, and 3) the remaining proceeds for general corporate purposes. Expenses incurred relating to the issuance were capitalized and are being amortized over the term of the notes.

The indenture pursuant to which the convertible subordinated notes were issued does not restrict the incurrence of Senior Debt by the Company or other indebtedness or liabilities by the Company or any of its subsidiaries.

NOTE 11

COMMITMENTS UNDER LONG-TERM LEASES

OPERATING LEASES

Rental expense under operating leases of continuing operations was:

In thousands	**2001**	2000	1999
Minimum rentals	**$44,292**	$34,814	$ 30,121
Contingent rentals	**4,569**	3,517	10,598
Sublease rentals	**(1,390)**	(1,039)	(993)
TOTAL RENTAL EXPENSE	**$47,471**	$37,292	$ 39,726

Minimum rental commitments payable in future years are:

Fiscal Years	In Thousands
2002	$ 50,233
2003	50,042
2004	48,029
2005	46,257
2006	44,983
Later years	155,139
TOTAL MINIMUM RENTAL COMMITMENTS	$394,683

Most leases provide for the Company to pay real estate taxes and other expenses and contingent rentals based on sales. Approximately 6% of the Company's leases contain renewal options.

NOTE 12

SHAREHOLDERS' EQUITY

NON-REDEEMABLE PREFERRED STOCK

Class (In order of preference)	Shares Authorized	Number of Shares 2001	2000	1999	Amounts in Thousands 2001	2000	1999	Common Convertible Ratio	No. of Votes
Subordinated Serial Preferred (Cumulative)									
$2.30 Series 1	64,368	**36,958**	37,116	37,128	**$ 1,478**	$1,484	$1,485	.83	1
$4.75 Series 3	40,449	**18,163**	19,369	19,369	**1,816**	1,937	1,937	2.11	2
$4.75 Series 4	53,764	**16,412**	16,412	16,412	**1,641**	1,641	1,641	1.52	1
Series 6	400,000	**0**	0	0	**0**	0	0		100
$1.50 Subordinated Cumulative Preferred	5,000,000	**30,017**	30,017	30,017	**901**	901	901		
		101,550	102,914	102,926	**5,836**	5,963	5,964		
Employees' Subordinated Convertible Preferred	5,000,000	**70,091**	72,066	73,696	**2,103**	2,162	2,211	1.00*	1
Stated Value of Issued Shares					**7,939**	8,125	8,175		
Employees' Preferred Stock Purchase Accounts					**(218)**	(243)	(257)		
TOTAL NON-REDEEMABLE PREFERRED STOCK					**$ 7,721**	$7,882	$7,918		

**Also convertible into one share of $1.50 Subordinated Cumulative Preferred Stock.*

PREFERRED STOCK TRANSACTIONS

In thousands	Non-Redeemable Preferred Stock	Non-Redeemable Employees' Preferred Stock	Employees' Preferred Stock Purchase Accounts	Total Non-Redeemable Preferred Stock
Balance January 31, 1998	$5,964	$2,409	$(428)	$7,945
Other	0	(198)	171	(27)
Balance January 30, 1999	5,964	2,211	(257)	7,918
Other	(1)	(49)	14	(36)
Balance January 29, 2000	5,963	2,162	(243)	7,882
Other	(127)	(59)	25	(161)
BALANCE FEBRUARY 3, 2001	**$5,836**	**$2,103**	**$(218)**	**$7,721**

SUBORDINATED SERIAL PREFERRED STOCK (CUMULATIVE):

Stated and redemption values for Series 1 are $40 per share and for Series 3 and 4 are each $100 per share; liquidation value for Series 1—$40 per share plus accumulated dividends and for Series 3 and 4—$100 per share plus accumulated dividends.

The Company's shareholders' rights plan grants to common shareholders the right to purchase, at a specified exercise price, a fraction of a share of subordinated serial preferred stock, Series 6, in the event of an acquisition of, or an announced tender offer for, 15% or more of the Company's outstanding common stock. Upon any such event, each right also entitles the holder (other than the person making such acquisition or tender offer) to purchase, at the exercise price, shares of common stock having a market value of twice the exercise price. In the event the Company is acquired in a transaction in which the Company is not the surviving corporation, each right would entitle its holder to purchase, at the exercise price, shares of the acquiring company having a market value of twice the exercise price. The rights expire in August 2010, are redeemable under certain circumstances for $.01 per right and are subject to exchange for one share of common stock or an equivalent amount of preferred stock at any time after the event which makes the rights exercisable and before a majority of the Company's common stock is acquired.

$1.50 SUBORDINATED CUMULATIVE PREFERRED STOCK:

Stated and liquidation values and redemption price—$30 per share.

EMPLOYEES' SUBORDINATED CONVERTIBLE PREFERRED STOCK:

Stated and liquidation values—$30 per share.

COMMON STOCK:

Common stock-$1 par value. Authorized: 80,000,000 shares; issued: February 3, 2001—22,149,915 shares; January 29, 2000—21,714,678 shares. There were 488,464 shares held in treasury at February 3, 2001 and January 29, 2000 not considering the shares repurchased in Fiscal 2001, 2000 and 1999. Each outstanding share is entitled to one vote. At February 3, 2001, common shares were reserved as follows: 163,992 shares for conversion of preferred stock; 147,738 shares for the 1987 Stock Option Plan; 1,344,899 shares for the 1996 Stock Option Plan; 188,714 shares for the Restricted Stock Plan for Directors; and 403,117 shares for the Genesco Employee Stock Purchase Plan.

For the year ended February 3, 2001, 1,067,347 shares of common stock were issued for the exercise of stock options and 14,190 shares were issued as part of the Directors Restricted Stock Plan. In addition, the Company repurchased 646,300 shares of common stock. An additional 371,600 shares may be repurchased under stock buy back programs announced in August 1998, January 1999 and February 2000.

For the year ended January 29, 2000, 815,084 shares of common stock were issued for the exercise of stock options and 11,785 shares were issued as part of the Directors Restricted Stock Plan. In addition the Company repurchased 3,439,300 shares of common stock.

For the year ended January 30, 1999, 403,343 shares of common stock were issued for the exercise of stock options and 2,457 shares were issued as part of the Directors Restricted Stock Plan. In addition, the Company repurchased 2,342,800 shares of common stock.

RESTRICTIONS ON DIVIDENDS AND REDEMPTIONS OF CAPITAL STOCK:

The Company's charter provides that no dividends may be paid and no shares of capital stock acquired for value if there are dividend or redemption arrearages on any senior or equally ranked stock. Exchanges of subordinated serial preferred stock for common stock or other stock junior to such exchanged stock are permitted.

The Company's revolving credit agreement restricts the payment of dividends and other payments with respect to capital stock. At February 3, 2001, $30.7 million was available for such payments.

The April 9, 1998 indenture, under which the Company's 5 1/2% convertible subordinated notes due 2005 were issued, does not restrict the payment of dividends.

Dividends declared for Fiscal 2001 for the Company's Subordinated Serial Preferred Stock, $2.30 Series 1, $4.75 Series 3 and $4.75 Series 4, and the Company's $1.50 Subordinated Cumulative Preferred Stock were $299,000.

CHANGES IN THE SHARES OF THE COMPANY'S CAPITAL STOCK

	Common Stock	Non-Redeemable Preferred Stock	Employees' Preferred Stock
Issued at January 31, 1998	26,264,109	102,926	80,313
Exercise of options	296,543	0	0
Issue shares - Employee Stock Purchase Plan	106,800	0	0
Stock Repurchase	(2,342,800)	0	0
Other	2,457	0	(6,617)
Issued at January 30, 1999	24,327,109	102,926	73,696
Exercise of options	692,722	0	0
Issue shares - Employee Stock Purchase Plan	122,362	0	0
Stock Repurchase	(3,439,300)	0	0
Other	11,785	(12)	(1,630)
Issued at January 29, 2000	21,714,678	102,914	72,066
Exercise of options	1,012,765	0	0
Issue shares - Employee Stock Purchase Plan	54,582	0	0
Stock Repurchase	(646,300)	0	0
Other	14,190	(1,364)	(1,975)
Issued at February 3, 2001	22,149,915	101,550	70,091
Less treasury shares	488,464	0	0
OUTSTANDING AT FEBRUARY 3, 2001	**21,661,451**	**101,550**	**70,091**

NOTE 13

INCOME TAXES

Income tax expense (benefit) from continuing operations is comprised of the following:

In thousands	**2001**	2000	1999
Current			
U.S. federal	**$ 17,702**	$ 3,198	$ 1,587
Foreign	**587**	615	76
State	**1,565**	600	19
Deferred			
U.S. federal	**217**	10,224	(22,335)
Foreign	**67**	77	(237)
State	**18**	933	(3,178)
TOTAL INCOME TAX EXPENSE (BENEFIT)	**$ 20,156**	$ 15,647	$ (24,068)

Deferred tax assets and liabilities are comprised of the following:

In thousands	**February 3, 2001**	January 29, 2000
Pensions	**$ (4,956)**	$ (3,681)
Gross deferred tax liabilities	**(4,956)**	(3,681)
Net capital loss carryforwards	**0**	7,726
Provisions for discontinued operations and restructurings	**6,602**	4,202
Inventory valuation	**1,938**	2,068
Expense accruals	**7,458**	5,885
Allowances for bad debts and notes	**1,115**	907
Uniform capitalization costs	**2,832**	2,374
Depreciation	**1,498**	3,142
Other	**1,799**	2,095
Tax credit carryforwards	**373**	2,377
Gross deferred tax assets	**23,615**	30,776
Deferred tax asset valuation allowance	**0**	(8,085)
NET DEFERRED TAX ASSETS	**$ 18,659**	$ 19,010

The Company establishes valuation allowances in accordance with the provisions of FASB Statement No. 109, "Accounting for Income Taxes." The Company continually reviews the adequacy of the valuation allowance and is recognizing these benefits only as the Company believes that it is more likely than not that the benefits will be realized.

The Company previously limited the recognition of deferred tax assets to an amount no greater than the amount of tax refunds the Company could claim as loss carrybacks. In the fourth quarter of Fiscal 1999, due to increased levels of profitability, future income projections and the substantial removal of uncertainties surrounding the Company's divestitures, the valuation allowance was reduced by a net $40.0 million resulting in a net tax benefit of $24.1 million. In Fiscal 2000, the valuation allowance related primarily to the Company's capital loss carryforward which could only be used to offset capital gains. The expiration and partial use of the Company's capital loss carryforward in Fiscal 2001 eliminated the need for the valuation allowance.

Reconciliation of the United States federal statutory rate to the Company's effective tax rate is as follows:

	2001	2000	1999
U. S. federal statutory rate of tax	**35.00%**	35.00%	34.00%
State taxes (net of federal tax benefit)	**2.90**	3.73	4.50
Release of deferred tax valuation allowance	**(.40)**	(.21)	(117.63)
Other	**.50**	(.34)	.19
EFFECTIVE TAX RATE	**38.00%**	38.18%	(78.94%)

NOTE 14

RETIREMENT AND OTHER BENEFIT PLANS

The Company sponsors a non-contributory, defined benefit pension plan. Effective January 1, 1996, the Company amended the plan to change the pension benefit formula to a cash balance formula from the existing benefit calculation based upon years of service and final average pay. The benefits accrued under the old formula were frozen as of December 31, 1995. Upon retirement, the participant will receive this accrued benefit payable as an annuity. In addition, the participant will receive as a lump sum (or annuity if desired) the amount credited to their cash balance account under the new formula.

Under the amended plan, beginning January 1, 1996, the Company credits each participants' account annually with an amount equal to 4% of the participant's compensation plus 4% of the participant's compensation in excess of the Social Security taxable wage base. Beginning December 31, 1996 and annually thereafter, the account balance of each active participant will be credited with 7% interest calculated on the sum of the balance as of the beginning of the plan year and 50% of the amounts credited to the account, other than interest, for the plan year. The account balance of each participant who is inactive will be credited with interest at the lesser of 7% or the 30 year Treasury interest rate.

The Company provides health care benefits for early retirees and life insurance benefits for certain retirees not covered by collective bargaining agreements. Under the health care plan, early retirees are eligible for limited benefits until age 65. Employees who meet certain requirements are eligible for life insurance benefits upon retirement. The Company accrues such benefits during the period in which the employee renders service.

ASSETS AND OBLIGATIONS

The following table sets forth the change in benefit obligation for the respective fiscal year:

	Pension Benefits		Other Benefits	
In thousands	**2001**	2000	**2001**	2000
Benefit obligation at beginning of year	**$ 87,873**	$ 98,263	**$ 1,831**	$ 2,775
Service cost	**1,181**	1,893	**61**	71
Interest cost	**7,265**	6,509	**128**	122
Plan participants' contributions	**0**	0	**116**	126
Benefits paid	**(7,925)**	(7,574)	**(661)**	(375)
Actuarial (gain) or loss	**7,951**	(11,218)	**464**	(888)
BENEFIT OBLIGATION AT END OF YEAR	**$ 96,345**	$ 87,873	**$ 1,939**	$ 1,831

The following table sets forth the change in plan assets for the respective fiscal year:

	Pension Benefits		Other Benefits	
In thousands	**2001**	2000	**2001**	2000
Fair value of plan assets at beginning of year	**$100,278**	$ 92,190	**$ 0**	$ 0
Actual return (loss) on plan assets	**(1,805)**	10,158	**0**	0
Employer contributions	**3,928**	5,504	**510**	249
Plan participants' contributions	**0**	0	**116**	126
Benefits paid	**(7,925)**	(7,574)	**(626)**	(375)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**$ 94,476**	$100,278	**$ 0**	$ 0

At February 3, 2001 and January 29, 2000, there were no Company related assets in the plan. The pension plan assets are invested primarily in common stocks, mutual funds, domestic bond funds and cash equivalent securities.

The following table sets forth the funded status of the plans for the respective fiscal year:

	Pension Benefits		Other Benefits	
In thousands	**2001**	2000	**2001**	2000
Accumulated benefit obligation	**$(93,766)**	$(84,257)	**$ (1,939)**	$ (1,831)
Future pay increases	**(2,579)**	(3,616)	**0**	0
Projected benefit obligation	**(96,345)**	(87,873)	**(1,939)**	(1,831)
Assets	**94,476**	100,278	**0**	0
Over (under) funded projected benefit obligation	**(1,869)**	12,405	**(1,939)**	(1,831)
Transition obligation	**824**	1,649	**0**	0
Prior service cost	**(949)**	(1,072)	**0**	0
Cumulative net (gains)/losses	**14,206**	(4,428)	**154**	(288)
(ACCRUED BENEFIT LIABILITY)/ PREPAID BENEFIT COST	**$ 12,212**	$ 8,554	**$ (1,785)**	$ (2,119)

The amounts recognized in the balance sheet consist of:

	Pension Benefits		Other Benefits	
In thousands	**2001**	2000	**2001**	2000
Prepaid benefit cost	**$ 12,212**	$ 8,554	**$ 0**	$ 0
Accrued benefit liability	**0**	0	**(1,785)**	(2,119)
Intangible asset	**0**	0	**0**	0
Accumulated other comprehensive income	**0**	0	**0**	0
NET AMOUNT RECOGNIZED ON BALANCE SHEET	**$ 12,212**	$ 8,554	**$ (1,785)**	$ (2,119)

ASSUMPTIONS

	Pension Benefits		Other Benefits	
In thousands	**2001**	2000	**2001**	2000
Discount rate	**7.875%**	8.00%	**8.00%**	8.00%
Expected return on plan assets	**9.50%**	9.50%	-	-
Rate of compensation increase	**4.50%**	5.00%	-	-

The weighted average discount rate used to measure the benefit obligation for the pension plan decreased from 8.00% to 7.875% from Fiscal 2000 to Fiscal 2001. The decrease in the rate increased the accumulated benefit obligation by $1.2 million and increased the projected benefit obligation by $1.2 million. The weighted average discount rate used to measure the benefit obligation for the pension plan increased from 6.75% to 8.00% from Fiscal 1999 to Fiscal 2000. The increase in the rate decreased the accumulated benefit obligation by $11.3 million and decreased the projected benefit obligation by $12.4 million.

For measurement purposes, a 7.50% increase in the health care cost trend rate was used for Fiscal 2001. The trend rate is assumed to decrease gradually to 5.00% by Fiscal 2013. The effect on disclosure information of one percentage point change in the assumed health care cost trend rate for each future year is shown below.

In thousands	1% Decrease in Rates	1% Increase in Rates
Aggregated service and interest cost	$ (19)	$ 23
Accumulated postretirement benefit obligation	$(111)	$ 127

PENSION EXPENSE

	Pension Benefits			Other Benefits		
In thousands	**2001**	2000	1999	**2001**	2000	1999
Service cost	**$1,181**	$1,893	$1,575	**$ 61**	$ 71	$ 84
Interest cost	**7,265**	6,509	6,460	**128**	122	180
Expected return on plan assets	**(8,877)**	(7,900)	(7,171)	**0**	0	0
Amortization:						
Transition obligation	**825**	825	825	**0**	0	0
Prior service cost	**(123)**	(123)	(123)	**0**	0	0
Losses	**0**	473	476	**22**	28	62
Net amortization	**702**	1,175	1,178	**22**	28	62
NET PERIODIC BENEFIT COST	**$ 271**	$1,677	$2,042	**$ 211**	$ 221	$ 326

SECTION 401(K) SAVINGS PLAN

The Company has a Section 401(k) Savings Plan available to employees who have completed one full year of service and are age 21 or older.

Concurrent with the January 1, 1996 amendment to the pension plan (discussed previously), the Company amended the 401(k) savings plan to make matching contributions equal to 50% of each employee's contribution of up to 5% of salary. Matching funds vest after five years of service with the Company. Years of service earned prior to the adoption of this change contribute toward the vesting requirement. The contribution expense to the Company for the matching program was approximately $0.9 million for Fiscal 2001 and $1.0 million for Fiscal 2000 and 1999.

NOTE 15

EARNINGS PER SHARE

In thousands, except per share amounts

	For the Year Ended Feb. 3, 2001			For the Year Ended Jan. 29, 2000			For the Year Ended Jan. 30, 1999		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Earnings before discontinued operations and extraordinary loss	$32,831			$25,335			$54,558		
Less: Preferred stock dividends	(299)			(300)			(300)		
BASIC EPS									
Income available to common shareholders	32,532	21,513	$1.51	25,035	22,392	$1.12	54,258	25,461	$2.13
EFFECT OF DILUTIVE SECURITIES									
Options		522			644			1,042	
5 1/2% convertible subordinated notes	3,881	4,918		3,787	4,918		3,124	3,969	
Contingent Options[1]		0			0			67	
Employees' Preferred Stock[2]		70			73			78	
DILUTED EPS									
Income available to common shareholders plus assumed conversions	$36,413	27,023	$1.35	$28,822	28,027	$1.03	$57,382	30,617	$1.87

[1]*These options are contingent upon service to the Company and the Company's common stock trading at various prices. See Note 16 to the Consolidated Financial Statements under "Restricted Stock Options."*

[2]*The Company's Employees' Subordinated Convertible Preferred Stock is convertible one for one to the Company's common stock. Because there are no dividends paid on this stock, these shares are assumed to be converted.*

The amount of the dividend on the convertible preferred stock per common share obtainable on conversion of the convertible preferred is higher than basic earnings per share for the period. Therefore, conversion of the convertible preferred stock is not reflected in diluted earnings per share, because it would have been antidilutive. The shares convertible to common stock for Series 1, 3 and 4 preferred stock would have been 30,675, 38,324 and 24,946, respectively.

There were no options excluded from the computation of diluted earnings per share for Fiscal 2001 because all the options' exercise prices were lower than the average market price of the common shares.

Options to purchase 343,500 shares of common stock at $13.19 per share, 123,000 shares of common stock at $12.75 per share, 28,000 shares of common stock at $13.69 per share and 10,000 shares of common stock at $13.06 per share were outstanding at the end of Fiscal 2000 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

Options to purchase 284,000 shares of common stock at $11.00 per share, 157,250 shares of common stock at $12.75 per share and 250,000 shares of common stock at $6.06 per share were outstanding at the end of Fiscal 1999 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

The weighted shares outstanding reflects the effect of the stock buy back program of up to 6.8 million shares announced by the Company in Fiscal 1999, 2000 and 2001. The Company has repurchased 6.4 million shares as of February 3, 2001.

NOTE 16

STOCK OPTION PLANS

The Company's stock-based compensation plans, as of February 3, 2001, are described below. The Company applies APB Opinion 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized other than for its restricted stock options. The compensation cost that has been charged against income for its restricted plans was $3.8 million, $0.6 million and $1.1 million for Fiscal 2001, 2000 and 1999, respectively. The compensation cost that has been charged against shareholders' equity for its directors' restricted stock plan was $110,000, $105,000 and $89,000 for Fiscal 2001, 2000 and 1999, respectively. Had compensation cost for all of the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the methodology prescribed by FAS 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		Fiscal Years		
In thousands, except per share amounts		**2001**	2000	1999
Net Income	As reported	**$29,598**	$25,922	$53,128
	Pro forma	**$28,422**	$24,839	$52,464
Diluted EPS	As reported	**$ 1.23**	$ 1.05	$ 1.83
	Pro forma	**$ 1.18**	$ 1.01	$ 1.81
Basic EPS	As reported	**$ 1.36**	$ 1.14	$ 2.07
	Pro forma	**$ 1.31**	$ 1.10	$ 2.05

FIXED STOCK OPTION PLANS

The Company has two fixed option plans. Under the 1987 Stock Option Plan, the Company may grant options to its management personnel for up to 2.2 million shares of common stock. Under the 1996 Stock Incentive Plan, the Company may grant options to its officers and other key employees of and consultants to the Company for up to 2.3 million shares of common stock, which excludes 200,000 shares reserved for issuance to outside directors. Under both plans, the exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is 10 years. Options granted under both plans vest 25% at the end of each year with the exception of shares granted February 20, 1995 which vest 20% at the end of each year.

With regard to the 200,000 shares reserved for issuance to outside directors, an automatic grant of restricted stock will be given to outside directors on the date of the annual meeting of shareholders at which an outside director is first elected. The outside director restricted stock shall vest with respect to one-third of the shares each year as long as the director is still serving as a director. Once the shares have vested, the director is restricted from selling, transferring, pledging or assigning the shares for an additional two years. There were 926 shares and 1,139 shares of restricted stock issued to directors for Fiscal 2001 and 2000, respectively. There were no shares issued in Fiscal 1999. An outside director may elect irrevocably to receive all or a specified portion of his annual retainers for board membership and any committee chairmanship for the following fiscal year in a number of shares of restricted stock (the "Retainer Stock"). Shares of the Retainer Stock shall be granted as of the first business day of the fiscal year as to which the election is effective, subject to forfeiture to the extent not earned upon the Outside Director's ceasing to serve as a director or committee chairman during such fiscal year. Once the shares are earned, the director is restricted from selling, transferring, pledging or assigning the shares for an additional four years. There were 9,116 shares, 9,157 shares and 4,555 shares of Retainer Stock issued to directors for Fiscal 2001, 2000 and 1999, respectively. Annually on the date of the annual meeting of shareholders, each outside director shall receive the automatic grant of options to purchase 4,000 shares of common stock at an exercise price equal to the fair market value of the common stock on the date of grant. These stock options become exercisable six months after their respective dates of grant, and expire in ten years. There were 32,000 and 28,000 shares of stock options issued to directors for Fiscal 2001 and 2000, respectively.

The weighted-average fair value of each option granted in the fixed stock option plans described above is estimated on the date of grant using the Black-Scholes option-pricing model -average assumptions used for grants in Fiscal 2001, 2000 and 1999, respectively: expected volatility of 62, 62 and 62 percent; risk-free interest rates of 5.3, 6.7 and 5.0 percent; and expected lives of 6.7, 7.6 and 7.0 years, respectively.

A summary of the status of the Company's fixed stock option plans as of February 3, 2001, January 29, 2000 and January 30, 1999 and changes during the years ended on those dates is presented below:

	2001		2000		1999	
		Weighted-Average		Weighted-Average		Weighted-Average
Fixed Options	**Shares**	**Exercise Price**	Shares	Exercise Price	Shares	Exercise Price
Outstanding at beginning of year	**1,917,990**	**$ 7.87**	2,271,389	$ 5.76	2,528,655	$ 5.88
Granted	**337,000**	**16.85**	387,500	13.23	268,000	6.06
Exercised	**(894,316)**	**5.57**	(591,711)	3.13	(229,876)	4.21
Forfeited	**(99,250)**	**11.13**	(149,188)	8.54	(295,390)	8.29
Outstanding at end of year	**1,261,424**	**$11.69**	1,917,990	$ 7.87	2,271,389	$ 5.76
Options exercisable at year-end	**568,424**		1,238,989		1,279,034	
Weighted-average fair value of options granted during the year	**$11.07**		$9.27		$4.02	

The following table summarizes information about fixed stock options outstanding at February 3, 2001:

	Options Outstanding			Options Exercisable	
	Number	Weighted-Average		**Number**	
Range of	**Outstanding**	Remaining	Weighted-Average	**Exercisable**	Weighted-Average
Exercise Prices	**at 2/3/01**	Contractual Life	Exercise Price	**at 2/3/01**	Exercise Price
$ 1.875 - 2.75	**19,725**	3.8 years	$ 2.39	**19,725**	$ 2.39
3.375 - 5.00	**153,321**	4.8	4.66	**153,321**	4.66
5.50 - 7.75	**140,671**	7.5	6.06	**37,421**	6.07
9.00 - 12.75	**283,780**	6.2	11.03	**252,405**	10.84
13.00 - 17.75	**658,927**	9.2	14.99	**105,552**	14.04
18.00 - 24.25	**5,000**	9.9	24.06	**0**	0
$1.875 - 24.25	**1,261,424**	7.8	$11.69	**568,424**	$ 9.16

RESTRICTED STOCK OPTIONS

On January 10, 1997, 200,000 shares of restricted stock were granted to the chairman of the board under the 1996 Stock Incentive Plan. The stock price at the date of grant was $9 per share. The restrictions lapsed for one third of the shares (66,667 shares) on January 31, 1998 and the second one third of the shares on January 31, 1999. The restrictions would lapse for the last one third of the shares on January 31, 2000 if (1) the chairman remains on the board of the Company and serves as chairman or in such other capacity as the board may request through that date and (2) the Company's common stock trades at or above $15.00 per share for 20 consecutive trading days during Fiscal 2000. The chairman resigned in the fourth quarter of Fiscal 2000. The last one third of the shares were not issued since the above conditions were not met. There was compensation income of $0.5 million for these options in Fiscal 2000. Compensation cost charged against income for these options was $0.8 million in Fiscal 1999.

As of the beginning of the first quarter of Fiscal 1999, a three year long term incentive plan was approved for the president - CEO (at that time) which covered Fiscal 1999 through Fiscal 2001. The incentive plan provides a maximum of 300,000 performance shares of stock to be awarded based on cumulative revenue growth, cumulative earnings before income taxes to sales ratio and cumulative assets to sales ratio. There were 118,449 and 34,344 shares issued in Fiscal 2001 and 2000, respectively. Compensation cost charged against income for these options was $3.7 million, $1.1 million and $0.4 million in Fiscal 2001, 2000 and 1999, respectively.

On October 16, 2000, another three year long term incentive plan was approved for the Chairman and CEO which covers Fiscal 2002 through Fiscal 2004. The incentive plan provides a target payout of $470,000 in stock if the Company's total return to shareholders equals the average of two published indices, the Bloomberg U.S. Apparel Index and the S & P 500 Consumer Cyclical Index. The number of shares to be issued is based on the closing price of the stock on October 16, 2000 or $16.63 per share which totals 28,262 shares. These shares vest 100% at the end of three years as long as the Chairman and CEO has either remained an employee or director, or (if he has retired) has not violated the terms of a non-compete provision. Compensation cost charged against income for these options was $39,000 in Fiscal 2001.

EMPLOYEE STOCK PURCHASE PLAN

Under the Employee Stock Purchase Plan, the Company is authorized to issue up to 1.0 million shares of common stock to those full-time employees whose total annual base salary is less than $100,000. Under the terms of the Plan, employees can choose each year to have up to 15 percent of their annual base earnings withheld to purchase the Company's common stock. The purchase price of the stock is 85 percent of the closing market price of the stock on either the exercise date or the grant date, whichever is less. Under the Plan, the Company sold 54,582 shares, 122,362 shares and 106,800 shares to employees in Fiscal 2001, 2000 and 1999, respectively. Compensation cost is recognized for the fair value of the employees' purchase rights, which was estimated using the Black-Scholes model with the following assumptions for Fiscal 2001, 2000 and 1999, respectively: an expected life of 1 year for all years; expected volatility of 58, 47 and 82 percent; and risk-free interest rates of 5.1, 6.1 and 4.6 percent. The weighted-average fair value of those purchase rights granted in Fiscal 2001, 2000 and 1999 was $6.86, $4.26 and $2.47, respectively.

STOCK PURCHASE PLANS

Stock purchase accounts arising out of sales to employees prior to 1972 under certain employee stock purchase plans amounted to $226,000 and $250,000 at February 3, 2001 and January 29, 2000, respectively, and were secured at February 3, 2001, by 12,107 employees' preferred shares. Payments on stock purchase accounts under the stock purchase plans have been indefinitely deferred. No further sales under these plans are contemplated.

NOTE 17
LEGAL PROCEEDINGS

NEW YORK STATE ENVIRONMENTAL PROCEEDINGS

The Company is a defendant in a civil action filed by the State of New York against the City of Gloversville, New York, and 33 other private defendants. The action arose out of the alleged disposal of certain hazardous material directly or indirectly into a municipal landfill and seeks recovery under a federal environmental statute and certain common law theories for the costs of investigating and performing remedial actions and damage to natural resources. The environmental authorities have selected a plan of remediation for the site with a total estimated cost of approximately $12.0 million. The Company was allocated liability for a 1.31% share of the remediation cost in non-binding mediation with other defendants and the State of New York. The State has offered to release the Company from further liability related to the site in exchange for payment of its allocated share plus a small premium, and the Company has accepted. Assuming the settlement is completed as proposed, the Company believes it has fully provided for its liability in connection with the site.

The Company has received notice from the New York State Department of Environmental Conservation (the "Department") that it deems remedial action to be necessary with respect to certain contaminants in the vicinity of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969, and that it considers the Company a potentially responsible party. In August 1997, the Department and the Company entered into a consent order whereby the Company assumed responsibility for conducting a remedial investigation and feasibility study ("RIFS") and implementing an interim remediation measure with regard to the site, without admitting liability or accepting responsibility for any future remediation of the site. In conjunction with the consent order, the Company entered into an agreement with the owner of the site providing for a release from liability for property damage and for necessary access to the site, for payments totaling $400,000. The Company estimates that the cost of conducting the RIFS and implementing the interim remedial measure will be in the range of $2.2 million to $2.6 million. The Company believes that it has adequately reserved for the costs of conducting the RIFS and implementing the interim remedial measure contemplated by the consent order, but there is no assurance that the consent order will ultimately resolve the matter. The Company has not ascertained what responsibility, if any, it has for any contamination in connection with the facility or what other parties may be liable in that connection and is unable to predict whether its liability, if any, beyond that voluntarily assumed by the consent order will have a material effect on its financial condition or results of operations.

WHITEHALL ENVIRONMENTAL SAMPLING

Pursuant to a work plan approved by the Michigan Department of Environmental Quality ("MDEQ") the Company has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's Volunteer Leather Company facility in Whitehall, Michigan. On June 29, 1999, the Company submitted a remedial action plan (the "Plan") for the site to MDEQ. The Plan proposed no direct remedial action with respect to soils at the site, which are in compliance with applicable regulatory standards, or lake sediments, which the Company believes do not pose a threat to human health or the environment and do not violate any applicable regulatory standard. The Plan included the filing of certain restrictive covenants encumbering the tannery property to prevent activities disturbing the lake sediments and uses of the property inconsistent with the applicable regulatory standards. The Company, with the approval of MDEQ, previously installed horizontal wells to capture groundwater from a portion of the site and treat it by air sparging. The Plan proposed continued operation of this system for an indefinite period and monitoring of groundwater samples to ensure that the system is functioning as intended. The Plan is subject to MDEQ approval. In December 1999, MDEQ responded to the Plan with a request for further information.

On June 30, 1999, the City of Whitehall filed an action against the Company in the circuit court for the City of Muskegon alleging that the Company's and its predecessors' past wastewater management practices have adversely affected the environment, and seeking injunctive relief under Parts 17 and 201 of the Michigan Natural Resources Environmental Protection Act ("MNREPA") to require the Company to correct the alleged pollution. Further, the City alleges violations of City ordinances prohibiting blight and litter, and that the Whitehall Volunteer Leather plant constitutes a public nuisance. The Company filed an answer denying the material allegations of the complaint and asserting affirmative defenses and counterclaims against the City. The Company also moved to join the State of Michigan as a party to the action, since it has primary responsibility for administration of the environmental statutes underlying most of the City's claims. The State moved to dismiss the Company's action against it and to intervene in the case on a limited basis, seeking declaratory and injunctive relief regarding the restrictive covenants on the property, the State's jurisdiction under MNREPA Part 201 and its right of access to the property. On May 5, 2000, the court dismissed the Company's action against the State; the cross actions between the City and the Company remain.

In connection with its decision during the second quarter of Fiscal 2001 to exit the leather business and to shut down the Whitehall facility, the Company formally proposed a compromise remediation plan (the "Compromise Proposal"), including limited sediment removal and additional upland remediation to bring the property into compliance with regulatory standards for non-industrial uses. The Company estimated that the Compromise Proposal would include incremental costs of approximately $2.2 million, which were fully provided for during the quarter.

If the Compromise Proposal is approved and the litigation's outcome does not require additional remediation of the site, the Company does not expect remediation to have a material impact on its financial condition or results of operations. However, there can be no assurance that the Compromise Proposal will be approved, and the Company is unable to predict whether any further remediation that may ultimately be required will have a material effect on its financial condition or results of operations.

Whitehall Accident

On June 4, 1999, a truck driver working under contact with a carrier for a chemical vendor died after inhaling a toxic vapor produced when he deposited a chemical compound that he was delivering to the Company's Whitehall, Michigan leather tannery into a tank containing another chemical solution. Regulatory authorities, including the National Transportation Safety Board and the Michigan Occupational Safety and Health Administration, investigated the incident. The Michigan agency issued six citations alleging regulatory infractions identified in the course of a general compliance review following the accident. Proposed monetary penalties associated with the citations total $15,100. The Company contested the citations; ultimately, the monetary penalties were reduced to $7,600, which the Company has paid. On March 14, 2000, the estate of the deceased truck driver brought an action against the Company in Michigan state court alleging that the Company's negligent acts and omissions caused his death and seeking unspecified damages. In February 2001, the Company reached a settlement of the action, which was funded by insurance. The Company does not expect any additional material effects related to the accident.

Threatened Contribution Claim

The Company has been advised by the current owner of an adhesives manufacturing business formerly owned by the Company that the owner has been named a third-party defendant in a suit brought under CERCLA relating to an Alabama solvent recycling facility allegedly used by the business. According to the owner, it would in turn seek contribution from the Company against any portion of its liability arising out of the Company's operation of the business prior to its 1986 divestiture. The current owner has advised the Company that available information on volumes of contaminants at the site indicates that the entire share of liability related to the adhesives business is de minimis, not likely to exceed $50,000. Based on information concerning its relative contribution of wastes to the site the Company has agreed to accept approximately 40% of up to $50,000 in liability imposed on the adhesives business and the current owner and one other former owner have agreed to accept the balance of such liability up to $50,000. The Company does not expect this threatened claim to have a material adverse effect on its financial condition or results of operations.

NOTE 18

Business Segment Information

The Company currently operates four reportable business segments (not including corporate): Journeys; Jarman, comprised primarily of the Jarman and Underground Station retail footwear chains; Johnston & Murphy, comprised of Johnston & Murphy retail stores, direct marketing and wholesale distribution; and Licensed Brands, comprised of Dockers and Nautica Footwear. The Company has ended the license agreement with Nautica Apparel, Inc. to market Nautica footwear effective January 31, 2001. In Fiscal 2000 the Company operated the Other Retail segment, comprised of General Shoe Warehouse and the Jarman Leased departments, both of which were closed in Fiscal 2000. All the Company's segments sell footwear products at either retail or wholesale. The Company also operated the Leather segment in Fiscal 2000 and some of Fiscal 2001. The Company sold certain assets of its Volunteer Leather business on June 19, 2000, and has discontinued all Leather segment operations.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments are based on the way management organizes the segments in order to make operating decisions and assess performance along types of products sold. Journeys and Jarman sells primarily branded products from other companies while Johnston & Murphy and Licensed Brands sells primarily the Company's owned and licensed brands.

Corporate assets include cash, deferred income taxes, prepaid pension cost and deferred note expense. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, restructuring gains and losses, interest expense, interest income, and other charges. Other includes severance, litigation and environmental charges.

Fiscal 2001	Journeys	Jarman	Johnston & Murphy	Licensed Brands	Leather	Corporate	Consolidated
Sales	$300,758	$109,791	$188,152	$85,262	$ 0	$ 0	$683,963
Intercompany sales	0	0	(92)	(3,705)	0	0	(3,797)
NET SALES TO EXTERNAL CUSTOMERS	300,758	109,791	188,060	81,557	0	0	680,166
Operating income (loss)	41,869	8,395	24,636	4,695	0	(15,921)	63,674
Restructuring charge	0	0	0	0	0	3,433	3,433
Interest expense	0	0	0	0	0	8,618	8,618
Interest income	0	0	0	0	0	1,418	1,418
Other	0	0	0	0	0	(54)	(54)
EARNINGS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	41,869	8,395	24,636	4,695	0	(26,608)	52,987
Total assets	93,761	37,468	71,359	28,658	989	119,928	352,163
Depreciation	5,070	2,334	2,890	99	149	2,658	13,200
Capital expenditures	17,133	9,433	4,917	399	0	2,853	34,735

Fiscal 2000	Journeys	Jarman	Other Retail	Johnston & Murphy	Licensed Brands	Leather	Corporate	Consolidated
Sales	$215,318	$86,897	$8,840	$167,822	$78,818	$ 0	$ 0	$557,695
Intercompany sales	0	0	0	(363)	(4,300)	0	0	(4,663)
NET SALES TO EXTERNAL CUSTOMERS	215,318	86,897	8,840	167,459	74,518	0	0	553,032
Operating income (loss)	29,719	4,336	(500)	22,187	2,488	0	(10,869)	47,361
Interest expense	0	0	0	0	0	0	8,152	8,152
Interest income	0	0	0	0	0	0	2,165	2,165
Other	0	0	0	0	0	0	(392)	(392)
EARNINGS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	29,719	4,336	(500)	22,187	2,488	0	(17,248)	40,982
Total assets	65,256	23,910	992	61,693	28,678	9,670	110,966	301,165
Depreciation	3,382	1,724	155	2,763	213	460	1,817	10,514
Capital expenditures	12,338	2,600	99	3,604	89	47	3,535	22,312

GENESCO INC. AND CONSOLIDATED SUBSIDIARIES

Fiscal 1999	Journeys	Jarman	Other Retail	Johnston & Murphy	Licensed Brands	Leather	Western Boot	Corporate	Consolidated
Sales	$159,965	$83,315	$56,184	$149,661	$72,337	$ 0	$16,560	$ 0	$538,022
Intercompany sales	0	0	0	(1,281)	(4,577)	0	0	0	(5,858)
NET SALES TO EXTERNAL CUSTOMERS	159,965	83,315	56,184	148,380	67,760	0	16,560	0	532,164
Operating income (loss)	21,704	2,983	2,214	19,708	2,435	0	(1,309)	(11,007)	36,728
Restructuring gain	0	0	0	0	0	0	0	(2,403)	(2,403)
Interest expense	0	0	0	0	0	0	0	9,250	9,250
Interest income	0	0	0	0	0	0	0	2,639	2,639
Other	0	0	0	0	0	0	0	(2,030)	(2,030)
EARNINGS BEFORE INCOME TAXES, DISCONTINUED OPERATIONS AND EXTRAORDINARY LOSS	21,704	2,983	2,214	19,708	2,435	0	(1,309)	(17,245)	30,490
Total assets	52,125	25,395	15,772	59,925	28,873	8,759	0	116,349	307,198
Depreciation	2,591	1,676	469	2,423	238	556	336	1,402	9,691
Capital expenditures	9,330	3,468	598	4,351	93	157	0	5,515	23,512

NOTE 19

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

In thousands, except per share amounts

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Fiscal Year	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
Net sales	**$146,644**	$123,766	**$143,243**	$121,308	**$176,086**	$140,309	**$214,193**	$167,649	**$680,166**	$553,032
Gross margin	**68,306**	57,467	**68,966**	56,520	**82,662**	65,167	**102,579**	77,106	**322,513**	256,260
Pretax earnings	**10,190**	6,611	**9,041**	6,968	**14,340**	9,707	**19,416**[2]	17,696	**52,987**	40,982
Earnings before discontinued operations	**6,193**	3,945	**5,531**	4,223	**8,785**	5,857	**12,322**	11,310	**32,831**	25,335
Net earnings	**5,961**	4,067	**2,562**[1]	4,176	**8,785**	6,204	**12,290**	11,475	**29,598**	25,922
Diluted earnings per common share:										
Before discontinued operations	**.26**	.16	**.24**	.18	**.36**	.25	**.49**	.45	**1.35**	1.03
Net earnings	**.25**	.16	**.13**	.17	**.36**	.26	**.49**	.45	**1.23**	1.05

[1] *Includes a loss of $3.0 million, net of tax, from discontinued operations (see Note 2).*

[2] *Includes a restructuring charge of $4.4 million (see Note 2).*

BOARD OF DIRECTORS

Ben T. Harris
Chairman and Chief Executive Officer
Genesco Inc.
Member of the finance and nominating committees

Leonard L. Berry
Distinguished Professor of Marketing,
M. B. Zale Chair in Retailing and Marketing Leadership
Department of Marketing
Lowry Mays College and Graduate School of Business
Texas A&M University
College Station, Texas
Member of the compensation and nominating committees

Robert V. Dale
Director
Nashville, Tennessee
Member of the audit committee

W. Lipscomb Davis, Jr.
Partner
Hillsboro Enterprises
Nashville, Tennessee
Chairman of the nominating committee, member of the audit committee

Joel C. Gordon
Crofton Capital Corporation
Nashville, Tennessee
Chairman of the audit committee, member of the compensation committee

Kathleen Mason
President and Chief Executive Officer
Tuesday Morning Corporation
Addison, Texas
Member of the audit and finance committees

Hal N. Pennington
President and Chief Operating Officer
Genesco Inc.

William A. Williamson, Jr.
Private Investor
Montgomery, Alabama
Chairman of the compensation committee, member of the finance committee

William S. Wire II
Retired Chairman
Genesco Inc.
Nashville, Tennessee
Chairman of the finance committee, member of the nominating committee

Gary M. Witkin
Director
Nashville, Tennessee
Member of the compensation committee

CORPORATE OFFICERS

Ben T. Harris
Chairman and Chief Executive Officer
34 years with Genesco

Hal N. Pennington
President and Chief Operating Officer
39 years with Genesco

James S. Gulmi
Senior Vice President – Finance and Chief Financial Officer
29 years with Genesco

James C. Estepa
Senior Vice President
16 years with Genesco

James W. Boscamp
Senior Vice President
9 years with Genesco

John W. Clinard
Vice President – Administration and Human Resources
26 years with Genesco

Matthew N. Johnson
Treasurer
8 years with Genesco

Roger G. Sisson
Secretary and General Counsel
7 years with Genesco

Paul D. Williams
Chief Accounting Officer
24 years with Genesco

Annual Meeting of Shareholders

The annual meeting of shareholders will be held Wednesday, June 27, 2001 at 10:00 a.m. CDT, at the corporate headquarters in Genesco Park, Nashville, Tennessee.

Corporate Headquarters

Genesco Park
1415 Murfreesboro Road – P.O. Box 731
Nashville, Tennessee 37202-0731

Independent Accountants

PricewaterhouseCoopers LLP
4400 Harding Road
Nashville, Tennessee 37205

Transfer Agent and Registrar

Communications concerning stock transfer, preferred stock dividends, consolidating accounts, change of address and lost or stolen stock certificates should be directed to the transfer agent. When corresponding with the transfer agent, shareholders should state the exact name(s) in which the stock is registered and certificate number, as well as old and new information about the account.

First Chicago Trust Company
—a division of Equiserve
Stock Transfer Department
P.O. Box 2500 – Jersey City, NJ 07303-2500
Telephone: (201) 324-0313
Toll free: (800) 317-4445
Website Address: http:/www.equiserve.com
Telephone number for hearing impaired:
TDD: (201) 222-4955
Shareholder representatives are available:
Monday through Friday – 8:00 a.m. to 7:00 p.m.
Eastern Standard Time
Automated telephone service:
24 hours a day, 7 days a week

Investor Relations

Security analysts, portfolio managers or other investment community representatives should contact:

James S. Gulmi, Senior Vice President –
Finance and Chief Financial Officer
Genesco Park, Suite 490 – P.O. Box 731
Nashville, Tennessee 37202-0731
(615) 367-8325

Form 10-K

Each year Genesco files with the Securities and Exchange Commission a Form 10-K which contains more detailed information. Any shareholder who would like to receive, without charge, a single copy (without exhibits), or who would like to receive extra copies of any Genesco shareholder publication should send a request to:

Claire S. McCall
Director, Corporate Relations
Genesco Park, Suite 490 – P.O. Box 731
Nashville, Tennessee 37202-0731
(615) 367-8283

Common Stock Listing

New York Stock Exchange, Chicago Stock Exchange
Symbol: GCO

Shareholder Information Line

Genesco maintains a toll-free shareholder information line to provide shareholders with timely information about the Company. Shareholders can obtain the latest financial releases and news updates, as soon as they are available, by dialing 1-800-6400-GCO (1-800-640-0426).

Shareholders may also request a copy of the Company's quarterly earnings release. The Company updates the list of quarterly information recipients annually and reminds shareholders to call each year the number above if they wish to remain on the list.

FOR LIFE.